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Monday, August 22, 1960
Sravana 31, 1882 (Saka)

LOK SABHA DEBATES

Second Series
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[*August 16 to 26, 1960/Sravana 25 to Bhadra 4, 1882 (Saka)*]

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(*Vol. XLV contains Nos. 11 to 20*)

LOK SABHA SECRETARIAT
NEW DELHI

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N. B.—The sign + above a name of a member on Questions, which were orally answered, indicates that the Question was actually asked on the floor of the House by that Member.

GMGIPND

LOK SABHA

Monday, August 22, 1960/Sravana 31, 1882 (Saka).

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

Steel Rolling Mills

+

*618. **Shri Ram Krishan Gupta:**
Shri A. M. Tariq:
Sardar Iqbal Singh:
Shri Rameshwar Tantia:

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 401 on the 25th February, 1960 and state:

(a) whether Government have since considered proposals for manufacture of Steel Rolling Mills in India with foreign collaboration; and

(b) if so, the result thereof?

The Minister of Industry (Shri Manubhai Shah): (a) and (b). One scheme for the manufacture of small steel rolling mills has since been approved and another scheme is under consideration. No foreign collaboration is envisaged in both these cases.

Shri Ram Krishan Gupta: May I know the details of the scheme, which has been approved?

Shri Manubhai Shah: That is what I said. They will be manufacturing rolling mills of the size 6"x12" and 10"x14" for the non-ferrous section, but there is no bar to their manufacturing larger sizes if they so desire.

Shri Rami Reddy: May I know where the rolling mills will be located?

Shri Manubhai Shah: One in Jullundur City and the other in Kanpur. They are not rolling mills but units to manufacture rolling mills.

Shri Ram Krishan Gupta: The hon. Minister just now said that no foreign collaboration is envisaged. May I know whether any offer has been received in this regard from any country; if so, from where and what is the nature of that offer?

Shri Manubhai Shah: We did not invite offers from foreign countries. It is for the entrepreneurs if they feel difident or the technology involved is at an advanced stage to seek foreign collaboration. In these two cases they have not sought for it.

Shri Sinhasan Singh: May I know whether any licence is necessary for setting up these mills; if so, whe'her the licence will be granted by the Ministry of Commerce and Industry or the Ministry of Steel, Mines and Fuel?

Shri Manubhai Shah: There is some misunderstanding about the question. The question is about es'ablishment of units to manufacture rolling mills and not about establishment of rolling mills. As far as establishment of rolling mills is concerned a recent notification has been issued saying that in respect of mills employing less than 50 people no licence is required.

Shri S. M. Banerjee: Which is the Indian concern in Kanpur that has undertaken this job?

Shri Manubhai Shah: Normally, those details are not given. But I may tell the hon. Member that they are: The Radhelal Steel Rolling Mills, Kanpur.

Shri Nagi Reddy: May I know what is the capacity of the mill that is now established and whether along with the other mill which is going to be established that capacity will be enough for our needs?

Shri Manubhai Shah: I am glad the hon. Member has asked that question. Actually speaking, in the public sector, we are establishing at Ranchi a very gigantic plant to manufacture rolling mills required for steel mills. This is really for the middling and smaller sizes.

Shri Narasimhan: May I know whether they have a time-schedule for their production programme?

Shri Manubhai Shah: All schemes are approved on time-schedule and we cancel the licence if the party does not perform according to the time-schedule.

Shri Narasimhan: I wanted to know when they expect production.

Shri Manubhai Shah: Usually, in all industries, about 18 months is the time for preparation given. Sometimes there are inescapable delays and six months' or a year's extension is given.

Shri M. C. Jain: May I know the name of the party which has undertaken this job in Jullundur?

Shri Manubhai Shah: Normally we do not disclose the name. All licences are under the Act and they are published. But if my hon. friend is interested I may tell him that it is Messrs. Amichand Pyarelal & Co.

Mr. Speaker: Next Question—Shri Prakash Vir Shastri.

Shri S. M. Banerjee: Sir, I request that Question No. 637 may also be taken along with this.

Mr. Speaker: Is the hon. Minister willing to answer them together?

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): Sir, that question relates to an entirely different subject. The only thing common is the word "Faridabad". That has nothing to do with this question. I am prepared to answer if you rule that both may be answered together, but they are entirely different subjects.

Mr. Speaker: If the hon. Minister is not willing I would not allow them to be taken up together.

Shri Mehr Chand Khanna: I am prepared. I leave it to you to decide whether they should be answered together.

Mr. Speaker: What is this. I asked the hon. Minister to tell me whether it was convenient for him to answer them together, whether there was any relationship between the two questions, whether they were so intimately connected that he would like them to be answered together. If he does not think so, I would not allow these questions to be clubbed together. Let him not for my sake go out of the way and say that he is prepared to accommodate, that he is prepared to answer them if I so decide.

फरीदाबाद में बस्ती

***६१६. श्री प्रकाश वीर शास्त्री :** क्या **पुनर्वास तथा अल्पसंख्यक-कार्य** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या फरीदाबाद में एक नई बस्ती बसाने की कोई योजना है;

(ख) यदि हां, तो यह बस्ती कहां बसायी जायेगी;

(ग) क्या यह बस्ती केवल विस्थापित व्यक्तियों के लिये होगी या अन्य व्यक्ति भी वहां बसाये जायेंगे; और

(घ) इस बस्ती पर सरकार कितना खर्च करेगी ?

पुनर्वास तथा अल्प संख्यक-कार्य मंत्री (श्री मेहर चन्द खन्ना) : (क) जी नहीं।

(ख) से (घ). प्रश्न नहीं उठता।

Shri Nagi Reddy: Sir, the other question is also very intimately connected with this.

Mr. Speaker: Anyhow, I go by the advice given to me by the hon. Minister. Normally a question will come up in its own turn. It may or may not be reached. Therefore, I cannot go on giving an opportunity to every hon. Member, whose name appears on a question put at the end, who somehow finds some connection between his question and a question which is well up in the list and asks that the two may be taken up together.

श्री प्रकाश वीर शास्त्री : क्या मैं जान सकता हूं कि अभी जो फरीदाबाद में झगड़ा हुआ था जिसमें तीन व्यक्ति गोलियों से मारे गये थे, वह किस आधार को लेकर हुआ था ?

श्री मेहर चन्द खन्ना : वह सवाल तो आगे आएगा। उसका जवाब दे दिया जाएगा, जब वह आएगा।

Shri Vajpayee: Both are connected.

Indian Frontier Administrative Service

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*621. **Shri Shree Narayan Das:**
Shri D. C. Sharma:

Will the **Prime Minister** be pleased to state:

(a) whether any fresh recruitment to the Indian Frontier Administrative Service has been made;

(b) if so, the number of posts filled by such recruitment; and

(c) the present strength of the Service?

The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika): (a) Yes.

(b) 24.

(c) The sanctioned strength is 69.

Shri Shree Narayan Das: May I know whether the recruitments that have been made have all been made through competitive examinations or candidates from some other sources have also been taken?

Shri J. N. Hazarika: By a Special Selection Board.

Shri Hem Barua: May I know whether it is a fact that in matters of recruitment to the Indian Frontier Administrative Service preference is always given to Defence Service personnel; if so, what are the specific reasons for this?

Shri J. N. Hazarika: In fact, no preference is given to any kind of service. Most of them, at least a larger proportion of them are selected because they are found more competent than other candidates.

Shri C. D. Pande: What is the maximum strength of this cadre. May I know whether they are at par with the IAS, IPS and IFS cadre people?

Shri J. N. Hazarika: This is a special cadre drawn from IAS, IFS, IPS etc.

Shri Hem Barua: In view of the fact that the Special Recruitment Board is constituted under the orders of the President, may I know whether the members of the Board could delegate their powers to their subordinates to be members of this Board?

Shri J. N. Hazarika: The Special Selection Board is constituted with a representative of the Ministry of External Affairs, the Adviser to the Governor of Assam, a representative of the Ministry of Home Affairs, a representative of the Defence Ministry and one or more anthropologists or experts in tribal affairs.

Shri Hem Barua: May I know whether it is a fact that the Adviser on Tribal Affairs to the Governor of Assam does not himself attend the Selection Board and he delegates his power to the Deputy Adviser? Is it also a fact that on a particular occasion there was a challenge thrown on a selection made by the Board and the selection was dubbed as *ultra vires*?

Shri J. N. Hazarika: No, Sir. It is provided here that one or more anthropologists or experts in tribal affairs is to be taken in the Special Selection Board.

Shri Hem Barua *rose*—

Mr. Speaker: There is no particular anthropologist or head of a department whose name has been mentioned here.

Shri Hem Barua: Sir, my question is this. The Adviser to the Governor of Assam is a member of the Selection Board. Very often the Adviser does not atend the meeting of this Selection Board. He delegates his powers to the Deputy Adviser and asks him to attend the meetings. When that is not allowed under the President's Order, may I know how it is being done?

Mr. Speaker: The position will be clear if the hon. Parliamentary Secretary would tell the House whether the Adviser on Tribal areas or tribal matters is one of the members nominated by the President, or he is invited by the Board as a specialist in which case he can send the other person also as a specialist. If he is a member, the hon. Member's point is that he cannot delegate his powers to some other person.

Shri J. N. Hazarika: The Adviser to the Governor of Assam is himself a member. In addition to him, one or more anthropologists or experts in tribal affairs has also to be there. The Adviser for Tribal Affairs is one of the experts. He is a different man from the Adviser to the Goveror of Assam.

Mr. Speaker: The Parliamentary Secretary says that he is not a member nominated by the President. He goes there only as an adviser, and as an expert he can send some other person.

Shri Hem Barua: He did not say like that. He said that the adviser on tribal affairs is a member of the Selection Board. My point is that the adviser who is a member of the Selection Board has no powers to delegate his authority. Does he enjoy the right to delegate his powers to the deputy advisers? That is the question. In 1954, it happened like that.

Mr. Speaker: The President nominates the members. The hon. Member wants to know whether the adviser on tribal affairs is one of the members nominated by the President, as an adviser as such.

Shri J. N. Hazarika: It is said: "one or more anthropalogists or experts on tribal affairs." So, it is necessary to have an expert on tribal affairs.

Shri Hem Barua *rose*—

Mr. Speaker: Very well. He does not say it is the chief of tribal affairs. The argument is too much and it is hair-splitting. Enough has been said. I am of the opinion that it is unnecessary for the chief himself to be present there. According to the nature of the work and the ability of the persons that are to be there, it is open to him to decide whether he should be there or whether he can send his deputy.

Shri Hem Barua: Is it not a statutory provision?

Mr. Speaker: I am not going to allow the Question Hour to be taken up for such things. There is a difference of view. Next question.

Pakistani Raid in Jammu

*622. **Shri A. M. Tariq:** Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 517 on the 1st March, 1960 and state:

(a) whether any reply has been received from Pakistan up till now regarding the killing of an old woman by Pakistani raiders in Jammu; and

(b) if so, the details of the same?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) Yes, Sir.

(b) The Government of Pakistan have denied that any such incident took place.

श्री अ० मु० तारिक : मैं यह जानना चाहता हूं कि पिछली दफे मेरे क सवाल के जवाब में पार्लियामेंटरी सेक्रेटरी साहब ने फरमाया था कि यह दुरुस्त है कि एक बुढ़िया औरत मारी गई है और इस सिलसिले में पाकितसान स खतोकताबत जारी है तो जब यह हकीकत है कि रेड में एक बुढ़िया औरत मारी गई है तो क्या हुकमत ने पाकिस्तान के मौजूदा जवाब को आखिरी मान कर इस मामले को वहीं छोड़ दिया है ?

(میں یہ جاننا چاہتا ہوں کہ پچھلی دفعہ میرے ایک سوال کے جواب میں پارلیامنٹری سکریٹری صاحب نے فرمایا تھا کہ یہ درست ہے کہ ایک بڑھیا عورت ماری گئی ہے اور اس سلسلے میں پاکستان سے خط و کتابت جاری ہے تو جب یہ حقیقت ہے کہ ریڈ میں ایک بڑھیا عورت ماری گئی ہے تو کیا حکومت نے پاکستان کے موجودہ جواب کو آخری مان کر اس معاملے کو وہیں چھوڑ دیا ہے -)

अध्यक्ष महोदय : बड़ा लम्बा चौड़ा क्वेश्चन है ।

श्री सादत अली खां : हमने उसके बारे में पाकिस्तान सरकार को लिखा है । दो बार उनको इस ओर तवज्जह दिलाई है । उनका बयान है कि ऐसा कोई वाकया नहीं हुआ है । हम इसके लिये फिर कदम उठायेंगे ।

Raja Mahendra Pratap: Will it not be better to call it a goonda raid instead of a calling it Pakistani raid? *Goondas* are on this side and also on that side. Will it not be better to call it *goonda* raid?

Mr. Speaker: Order, order. Shri Chintamoni Panigrahi.

Shri Chintamoni Panigrahi: The question was whether any reply has been received so far.

Shri Raghunath Singh: Sir, 'goonda' is not parliamentary. I think it should not be used in regard to the national of a foreign country. (*Interruptions*).

Mr. Speaker: I do not know if the raiders too can be called *goondas*! Who else can be called *goondas* then? If it is said that dacoity was going on, that *goondas* were molésting and so and so, etc., if a question is put like that, am I to eliminate the word 'goonda'? It does not apply to any hon. Member here. (*Laughter*).

Raja Mahendra Pratap: I quite agree. We can call them dacoits.

Mr. Speaker: The whole House has heard the expression.

Shri Chintamoni Panigrahi: What is the information of the Government of India: was really an old woman killed?

Mr. Speaker: Is it a fact that an old woman was killed? Is it within the knowledge of the Government of India?

Shri Sadath Ali Khan: When the details were received from the Jammu and Kashmir Government, we lodged a protest on the basis of that report. The Government of Pakistan have stated twice—once on the 5th May, 1960 that no such incident occurred, and again they have repeated the same argument in their latest reply dated 15th June, 1960.

Some Hon. Members *rose*—

Mr. Speaker: Order, order. Raja Mahendra Pratap suddenly used the word 'goonda'. I now find from the answer given by the Parliamentary Secretary that there has been no such raid at all. No old woman has been killed. It is good to avoid any such expression. In the absence of any truth regarding this matter, merely for the purpose of castigating somebody, if anything has happened, to call it as a goonda raid is not proper. In the absence of anything, it might create an impression that there have been goondas there and so on and so forth. Such a word is unnecessary. It is good to avoid it. (*Interruptions*)

Shri Hem Barua: There has been a murder, Sir. (*Interruptions*).

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Who, Sir, used the word 'goonda'?

Mr. Speaker: Raja Mahendra Pratap.

Shri Jawaharlal Nehru: My humble submission is, if a person goes about committing a murder, he might well be described in a moderate way as *goonda*. (*Laughter*). I do not see anything unparliamentary about calling a murderer a murderer or a *goonda* a *goonda*.

Mr. Speaker: It is true. That is why, at the first impression, I said that there is no harm in that. But the Kashmir Government said that no such thing took place.

Shri Sadath Ali Khan: The Pakistan Government said so, Sir.

Shri Jawaharlal Nehru: As far as I remember, two men came across the Pakistan border and killed an old woman. The Government of India protested to the Pakistan Government because those two men had come across the border. The Pakistan Government said there has been no such incident, but that, of course is not an adequate reply in the sense that that woman is dead. Who killed her—he may be a goonda or a maniac or whatever he is. We do not accuse the Pakistan Government of being a goonda. It is some individual who has killed. (*Interruptions*).

Shri Vajpayee: How a raider from across the border can be described as goonda?

Mr. Speaker: It is true he can be described like that. But what I said was that the Parliamentary Secretary stated that there was no truth in that allegation, and......

Shri Sadath Ali Khan: The Pakistan Government have said that there is no truth in the allegation.

Mr. Speaker: Next question.

Reserve Bank Credit Guarantee Scheme

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*623. { **Shri Chintamoni Panigrahi:**
Shri Ram Krishan Gupta:
Shri Rameshwar Tantia:
Sardar Iqbal Singh:
Shri Ajit Singh Sarhadi:
Shri N. R. Muniswamy:

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 1604 on the 20th April, 1960 and state:

(a) whether the small industrialists have taken advantage of the Reserve Bank credit guarantee scheme for promotion of small scale industries; and

(b) if so, the States from which the small scale industries have taken advantage of this scheme so far?

The Minister of Industry (Shri Manubhai Shah): (a) and (b). The Reserve Bank Credit Guarantee Scheme for small industries came into force on 1st July, 1960. It is too early to say whether the small industrialists have taken advantage of the scheme.

Shri Chintamoni Panigrahi: It was earlier stated that Rs. 25 crores will be allotted and it would be experimented in 21 districts first and, if necessary, in 21 more districts later. May I know what progress has been made so far?

Shri Manubhai Shah: That is exactly what I said. The scheme is for catering to the small-scale industrialists. As a pilot project, 22 districts, have been selected. We expect that as a result of this, about Rs. 25 crores will be advanced as loan to the small-scale industrialists in the 22 districts. The scheme was started on

1st July. So, no statistical evaluation can be made within six weeks' time.

Shri Chintamoni Panigrahi: What are the States which have been selected for these projects? May I know the districts?

Shri Manubhai Shah: If the hon. Member wants those names, they are here. I can mention them. Almost all the States have been selected. Agra and Kanpur in Uttar Pradesh; Amritsar and Ludhiana in Punjab; Ahmedabad and Surat in Gujarat; Coimbatore and Madras in Madras State; Bombay and Poona from Maharashtra; Hyderabad and Krishna in Andhra Pradesh. The different names are there.

Shri Chintamoni Panigrahi: What about Orissa?

Shri Manubhai Shah: Cuttack in Orissa.

Shri Ram Krishan Gupta: May I know the approximate amount which has been placed at the disposal of the Reserve Bank for this purpose?

Shri Manubhai Shah: The Reserve Bank is a bankers' bank. There is no question of our placing any money at their disposal. It will be depending upon the small-scale industrialists drawing through the commercial banks against the guarantee scheme such advances as they are entitled to.

Shri Venkatasubbaiah: May I know whether the same facilities will be extended to places where there are industrial estates?

Shri Manubhai Shah: Our idea is that once the scheme is successful, like the State Bank scheme, it will be universally applicable to all parts of India in every district.

Shri M. C. Jain: As the hon. Minister is aware, there are two regions in Punjab—the Hindi-speaking and the Punjabi-speaking regions. May I know why both the districts in Punjab have been selected from one and the same region and why no district has been selected from the backward areas of Punjab?

Shri Manubhai Shah: We do not go by all these different classifications—political or administrative convenience. The selection has been made on the basis of the immediate utility of the scheme to small-scale industrialists. There are many regions. But just as a beginning, we have taken these two places. More places will be added later on.

Shri Tangamani: May I know whether any amount has been earmarked for the industrial estates and, if so, how much has been earmarked for industrial estates in Madras?

Shri Manubhai Shah: No special amount has been earmarked in this scheme. It would be for the entrepreneurs of industrial estates to go to the commercial banks, 93 of which we have approved under the scheme, to take the necessary advance for the working capital.

Incorrect Delineation of Indian Territory in Russian Atlas

***624. Shri Vidya Charan Shukla:** Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 197 on the 6th August, 1959 and state:

(a) whether any reply has been received from the Government of Soviet Russia regarding the objection of Government of India to recent Russian atlas showing large chunks of Indian territory as part of China; and

(b) if not, whether Government have further requested the Government of U.S.S.R. to expedite their reply?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b). When the attention of the Soviet Government was drawn to the discrepancies. The Soviet Foreign Office promised to look into the matter. Subsequently, we sent an *aide memoire* on this subject, to which we have not so far received any reply.

Shri Vidya Charan Shukla: May I know when the attention of the Soviet Government was first drawn to this matter? How long is it since our first communication was sent to them, and since then, may I know if any progress has been made in this regard?

Shri Sadath Ali Khan: No protest has been made. In 1955, the Russian Embassy in New Delhi presented to the President a copy of the Russian Atlas. When these discrepancies were discovered, we drew the attention of the Soviet Government. Last time, through our Ambassador, we informed them in November, 1958.

Shri P. G. Deb: May I know whether it is a fact that maps were published in East Germany showing Indian territory as part of China?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Yes, Sir; a well-known publishing house in East Germany has published an atlas—if I may say so—adopting the Chinese point of view with regard to our frontier.

Shri Hem Barua: May I know whether in depicting large chunks of Indian territory as part of China, the Russian atlas has more or less followed the cartographic claims made by China on our territory?

Mr. Speaker: That is what he has said.

Shri Jawaharlal Nehru: I have said that an East German publishing house published an atlas which shows part of our territory as Chinese territory.

Shri Hem Barua: I am speaking of the Russian atlas. I want to know whether it has followed the cartographic claims made by China on our territory.

Shri Jawaharlal Nehru: Not wholly; partly, I think.

श्री रघुनाथ सिंह : मैं यह जानना चाहता हूं कि इस मैप में हिन्दुस्तान की कितनी ज़मीन हिन्दुस्तान के बाहर शो की गई है, दिखाई गई है ।

श्री जवाहरलाल नेहरू : इसको कुछ जानने से नापा नहीं गया है ।

Shri Joachim Alva: Since 1955, has there been any consultation or contact between Indian cartographists and Soviet cartographists?

Shri Jawaharlal Nehru: It is not a question of cartographers consulting each other; it is a political matter and Embassies deal with this matter.

Shri Sinhasan Singh: May I know when this map was made by Russia, in what year? Prior to this, what was the map in Russia showing the India-China border?

Shri Sadath Ali Khan: As I said, I do not know when this map was made. This map was presented in 1955 and therein the India-China boundary was delineated as on the Chinese map, i.e. including Aksai Chin, Nilang-Jhadang and a great part of NEFA in China.

Shri Sinhasan Singh: Prior to this, may I know whether there was any Russian map showing the boundary between India and China?

Raja Mahendra Pratap: When we have such a fine Foreign Office; we can leave the matter entirely to it.

Mr. Speaker: He wants to know if the Government is in possession of an earlier atlas or map published by USSR and if so what is the territory shown there?

Shri Sadath Ali Khan: I require notice for that.

Shri S. M. Banerjee: May I know whether it is a fact that in the biography of General Thimayya published in USA, there is a map showing Kashmir as an independent State and if so, whether Government of India's attention has been drawn to it and whether it has been corrected?

Shri Jawaharlal Nehru: I did, as a matter of fact, happen to see this yesterday. This is not in the book. Nothing is given in the book. But in the back of the binding, there is an ontline sketch. There Kashmir is not shown as an independent State; it is shown as a kind of darker crossings or darker markings—call it what you like—as a special entity. It is rather difficult for me to say it is an independent State, though the boundary, etc. is marked in a particular way. But it is no part of the book. It is the kind of publisher's way of putting things on the back of the cover.

Shri Vidya Charan Shukla: May I know whether we have drawn the Soviet Government's attention towards the fact that such a publication indicates that they are taking sides with China and that they should indicate the boundary as something unsettled or undefined, rather than adopt the Chinese version as against the Indian version?

Shri Jawaharlal Nehru: The answer to this question has already been given that their attention has been drawn and they said, they will look into. Maps are not printed every day. This map was printed in 1955, that is to say, before these controversies assumed an acute stage. (*Interruptions*).

Shri Vidya Charan Shukla: They have failed to give any answer for five years.

Mr. Speaker: Next question.

Lokamanya Tilak Memorial

*625. **Shri Assar**: Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that Lokamanya Tilak Memorial Trust, London have purchased a house in the memory of Lokamanya Tilak in London;

(b) if so, the details of the memorial scheme;

(c) whether the Indian Government have contributed any amount to this Trust;

(d) if so, the amount contributed; and

(e) if not, the reasons therefor?

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): (a) Yes. The house is at No. 60, Talbot Road, Paddington, London, W. 2. Lokamanya Tilak lived in this house when he visited England in 1919.

(b) The objects of the Memorial Trust, as stated, are the promotion and encouragement of research into the study of Indian and Sanskrit literature and Indian art, history, philosophy, politics and economics. The Trust also hopes to make provision for scholarships and grants and prizes to students as well as the salaries of Professors. The premises are to be used as a centre for Indian cultural activities.

(c) and (d). No.

(e) Government do not normally encourage setting up of memorials in foreign countries from funds collected in India.

Government have decided to commemorate Lokamanya Tilak by naming the new Library in the Indian Students' Union and Hostel as the Tilak Memorial Library.

Shri Assar: May I know the names of the trustees?

Shrimati Lakshmi Menon: I have got the names of the sponsors—Mr. Fenner Brockway, Chairman; Mr. Steel, Solicitor and Mr. Tahmankar, Secretary.

Shri Jadhav: May I know whether any of the individual States in India have contributed to this memorial?

Shrimati Lakshmi Menon: The Bombay Government has given Rs. 20,000.

Shri Vajpayee: In view of the fact that this memorial will be utilised as a cultural centre and will cater to the needs of the Indian students, may I know why the Government of India should not give any grant to this memorial?

Shrimati Lakshmi Menon: I have already stated in the original answer the Government's policy in this matter.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): It may well be in a matter of grants. The point is this. So far as any cultural home or institution is concerned, we can certainly build it for our students. That is a different matter and we build such institutions from time to time. So far as memorials are concerned, they are presumed to be memorials erected by the people of that country. If we want to put up a memorial to Lokamanya Tilak, we put it up in India, as we do, in fact. For us to go and put it in France, America or Germany, imposing our memorial on them does not seem to us—I mean as a Government—to be justifiable. That is why, normally we do not do this—if you call it a breach—in Mandalay, where the Government of India undertook to build a memorial in the Mandalay prison where Lokamanya Tilak was kept.

Shri Joachim Alva: It is true that Government is unable to make any contribution, though Government makes several kinds of contributions for several kinds of objects. Sometimes some of the objects are questionable. May I know whether any contribution can be made from the Prime Minister's fund, in view of the Governor of Mysore being the Chairman of this trust in India?

Shri Jawaharlal Nehru: Which trust?

Shri Joachim Alva: I want to know whether any contribution can be made from the Prime Minister's fund to this trust in London?

Shri Jawaharlal Nehru: The Prime Minister's fund has nothing to do with setting up of memorials. It is for giving relief in cases of emergency and distress.

Heavy Structural Works

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*627. **Shri Rami Reddy:**
Shri S. A. Mehdi:
Shri Subodh Hansda:
Shri R. C. Majhi:
Shri Nek Ram Negi:

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 289 on the 22nd February, 1960 and state:

(a) whether the detailed project report from Messrs. Atkins and Partners of U.K. regarding the Heavy Structural Fabricating Works and the Heavy Plate and Vessel Works has since been examined by Government; and

(b) if so, the decisions taken thereon?

The Minister of Industry (Shri Manubhai Shah): (a) and (b). The project reports for the two projects received from Messrs. Atkins and Partners have been considered by Government in consultation with the representatives of the firm. It is proposed to implement the projects with certain modifications.

Shri Rami Reddy: In view of the heavy demand from steel fabricating industry, may I know how many steel fabricating works are going to be set up?

Shri Manubhai Shah: One for plate and vessels and one for structurals.

Shri Rami Reddy: Is it not a fact that Andhra Pradesh have sent a proposal for the setting up of a factory in Andhra Pradesh? If so, what are the reactions of this Government?

Shri Manubhai Shah: These are public sector projects. No entrepreneurs are involved in this.

Field Publicity

*630. **Shri Harish Chandra Mathur:** Will the Minister of **Information and Broadcasting** be pleased to state:

(a) what field publicity organisation the Centre has in each State and the annual cost on the same;

(b) how co-ordination between Central and State Government field publicity organisations is brought about; and

(c) how are the functions and responsibility of each defined?

The Minister of Information and Broadcasting (Dr. Keskar): (a) A statement giving the required information is laid on the Table of the House. [*See* Appendix II, annexure No. 77].

(b) The number of units that the Central Publicity Department for the Five Year Plan keeps in each State is fixed after discussion with the State Publicity organization. The location of the units also is decided after consultation with the State Government Co-ordination of itineraries and the field units is decided in consultation with the State department of publicity so that there is no overlapping. Frequent meetings take place between the higher officers also for exchange of information and ideas.

(c) The Central units emphasise the all-India aspects of the Plan while the State units mainly deal with the projects and activities of the State.

Shri Harish Chandra Mathur: When the State units are run parallel to the Central units, why can't the Central Government adopt the State units for their publicity also?

The Minister of Information and Broadcasting (Dr. Keskar): It would mean an enormous amount of expenditure for us if we are also to run the State publicity units, because the States have quite a larger number of units than we have in the States.

Shri Harish Chandra Mathur: Is it not a fact that the Chief Minister of West Bengal took serious objection to the way in which these units are functioning at cross purposes? When there are such a vast number of State units it would be much better if you take them so that there is a wider field covered for the all India publicity also.

Dr. Keskar: I have already answered the question regarding the remarks of the Chief Minister of West Bengal some time ago. First of all, he has been incorrectly quoted. He has emphasized that there should be no overlapping. Secondly, West Bengal Government do not require many Central units. West Bengal is the only State in which we have the least number of units, because we do not want to send units when the State Governments feel that they are not required.

Shri Jadhav: I find from item No. 6 of the statement that both Gujerat and Maharashtra have one regional headquarters and 6 units. When will the number of units be increased and when are we going to have two separate headquarters?

Dr. Keskar: Steps are already being taken. I am sorry, we have not been able to complete it. Now this separation means the appointment of another officer to be in charge of one or the two. That is taking time. It will be done very soon.

Shri Tyagi: What is the total number of such units in India and what is the amount of expenditure annually incurred on them?

Dr. Keskar: That has been given in the statement. But, for the benefit of the hon. Member I may say that the total expenditure is Rs. 21·55 lakhs per annum and the number of units 76.

Shri S. C. Samanta: Is it not a fact that three proposals have come from West Bengal? May I know the progress on them?

Dr. Keskar: As far as West Bengal is concerned, as I said, our policy generally is that we send our units only where the State Governments feel they are required. The West Bengal Government originally felt that no Central units will be required. Later on, they changed their opinion and said that three or four units would be used in particular areas. When a State Government informs us or puts forward proposals they will be sympathetically considered.

Shri Jaipal Singh: I would like to have a clarification. The hon. Minister has just now stated that if a State Government were to refuse to have any truck with the Central scheme then the Central scheme does not invade that State at all. Is that the correct picture?

Dr. Keskar: No. My hon. friend has misunderstood what I have said. I said that the work is done in coordination in such a way that there is no overlapping. There is no question of the State Government putting a ban on our activities. But where we feel that the State Government's work is adequate we do not put up our own schemes, because that means unnecessary expenditure for us.

Shri Harish Chandra Mathur: May I know whether you are also employing the State units to do all India publicity relating to the Central Government's activities?

Dr. Keskar: That is also partially true to the extent that we allot publicity material to the State units, who are not able to produce a lot of publicity material, more especially films. But, at the same time, it has been found by experience that the all India aspects does not get that coverage in the State publicity units as it should. And we cannot blame them for that as they have to give more attention to their own plans.

Shri Harish Chandra Mathur: From the statement it appears that West Bengal have 4 units. Madras and Mysore also have only 4 units. But, according to the hon. Minister, West Bengal has got the least number of units. So, do I understand that Madras and Mysore are also opposed to the Central units working there?

Dr. Keskar: No. Neither is the West Bengal Government opposed to it. That would not be the correct way of putting the thing. The fact is that in Madras they have got a very fine and extensive network of publicity units. So, in our discussion with them we ourselves felt that no more units need be put up there. But I might inform hon. Members that the scheme is not to distribute units Statewise alone but to distribute them in places where they are required more. For example, to certain States like Assam, Orissa and Kerala, where the publicity arrangements are deficient, we give more units than the area really requires. All that depends on the circumstances of each State.

L.I.C. Fund for Housing Scheme

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*632. { **Shri R. C. Majhi:**
Shri Subodh Hansda:
Shri S. C. Samanta:

Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) the criteria followed for allotting the fund provided by the Life Insurance Corporation for the Middle Income Group Housing Scheme to the States by the Central Government; and

(b) what percentage of the demand of the State Governments was met in the year 1959-60?

The Deputy Minister of Works, Housing and Supply (Shri Anil K. Chanda): (a) Allocation of funds provided by the Life Insurance Corporation under the Middle Income Group Housing Scheme is generally determined with reference to the demands of the State Governments, and the number of assessees in the respective States, paying Income-tax on an income range of Rs. 6,001—12,500 per annum.

(b) The entire demand of the State Governments for the year 1959-60 was met in full.

Shri R. C. Majhi: What are the conditions laid down for the grant of loans to the individual borrowers?

Shri Anil K. Chanda: Persons within the income range of Rs. 6,000 to 12,000 are eligible for loans. The loans are granted by the State Governments with the money advanced by the L.I.C., and they bear interest at the rate of 5½ per cent.

Shri S. C. Samanta: Is it not a fact that the conditions that are put up by the State Governments are very strict? Has not such a complaint come?

Shri Anil K. Chanda: The States, who are finally responsible for the return of the money, naturally have to safeguard their interests. But, by and large, the scheme has proved very successful and popular.

Shri Venkatasubbaiah: In view of the acute shortage of houses in the major panchayat areas, may I know whether Government propose to issue directions to the Life Insurance Corporation to extend the scheme to low income group housing also?

Shri Anil K. Chanda: The low income group housing scheme is financed directly by the Government of India and the L.I.C. does not come into the picture at all.

Shri Tangamani: How much has been spent by the L.I.C. towards the middle income group housing for the year 1959-60? What is the demand for 1960-61?

Shri Anil K. Chanda: 1959-60?

Shri Tangamani: How much has been allotted during 1959-60 and what is the total demand from the various States for 1960-61?

Shri Anil K. Chanda: The picture is like this. For the first three years, that is, for 1958-59, 1959-60 and 1960-61, the L.I.C. had agreed to advance every year Rs. 3 crores for Middle Income Group Housing Schemes. For the first year, that is, for 1958-59, Rs. 3 crores were made available to the State Governments. In 1959-60 the demand from the States was much more. Actually, it totalled to Rs. 4,33,00,000. We requested the L.I.C. to go beyond Rs. 13 crores and advance to the States Rs. 4,33,00,000 which they did. So the entire demands of the States for 1959-60 were met from within the monies advanced by the L.I.C.

Shri Tangamani: What about 1060-61?

Mr. Speaker: Shri Yadav Narayan Jadhav.

Shri Yadav Narayan Jadhav: May I know whether this scheme was restricted to particular cities in India or is it for all the cities?

Shri Anil K. Chanda: Monies are advanced to the States. It is for the States themselves to decide where to distribute the money.

Shri Tangamani: For 1960-61, according to the original scheme, the States will be getting less than Rs. 2 crores.

Shri Anil K. Chanda: Rs. 3 crores.

Shri Tangamani: They will be getting only less than Rs. 2 crores because Rs. 9 crores were to be distributed over the three years. In view of the fact that Rs. 4,33,00,000 have already been given to the States during the second year, I would like to know as to what has been the demand from the various States for 1960-61 and how much money is going to be made available to them.

Shri Anil K. Chanda: The hon. Member has not understood me correctly. For the year 1960-61—the question relates to that—the L.I.C. will advance Rs. 3 crores. We have not received the demands from all the States. Only eight of them have sent their demands and we have made some *pro rata* allocation.

Bhutan

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*633. { **Shri Bishwanath Roy:**
Shri D. C. Sharma:
Shri Ram Krishan Gupta:
Shri P. K. Deo:
Shri C. K. Bhattacharya:
Shri Hem Barua:

Will the **Prime Minister** be pleased to state:

(a) whether Government of Bhutan have asked the Government of India to protest to Chinese Government against the cartographical aggression showing large chunks of Bhutanese territory within Tibet;

(b) if so the reaction of the Government of India thereto; and

(c) the steps taken or proposed to be taken in the matter?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) to (c). In accordance wiht our treaty with Bhutan, Government of India are responsible for Bhutan's external relations. Accordingly, Government of India have already taken up matters on behalf of Bhutan with the Chinese Government. Copies of notes exchanged with the Chinese Government are contained in White Paper No. 1.

Shri Bishwanath Roy: May I know whether any point in this connection will be raised before the Chinese authorities who are here at present?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): I do not think so, Sir. We are prefectly prepared to discuss this matter, but I rather doubt whether any point like this is likely to be raised.

Shri Vidya Charan Shukla: May I know if this point was raised with the Chinese Government by the Government of India on its own initiative or was it raised after the Government of Bhutan had drawn the attention of the Government to this point?

Shri Jawaharlal Nehru: Which point?

Shri Vidya Charan Shukla: The protest regarding cartographical aggression against Bhutanese territory.

Shri Jawaharlal Nehru: There is reference to this in the White Papers published. The Bhutanese Government have drawn our attention to it. I cannot say about the dates as to when they did it, but this happened two or three times.

Shri Hem Barua: In view of the fact that cartographic aggression was a prelude to the occupation of our territory by China, may I know what steps Government have taken to help Bhutan so that similar fate does not befall it?

Shri Jawaharlal Nehru: Cartographir way? Which way?

Shri Hem Barua: Cartographic aggression was a prelude in our case and China occupied a portion of our territory. What steps Government have taken to see that a similar thing does not happen in the case of Bhutan because their external relations are governed by us?

Hon. Member: Ask the Defence Ministry.

Mr. Speaker: Are any steps being taken to avoid this cartographical aggression being implemented in actual aggression?

Shri Jawaharlal Nehru: That is a hard question to answer. We are responsible for the safety of the frontier. We take steps, so far as Bhutan is concerned, naturally in consultation with the Bhutan Government in whatever we do.

Dues from Refugees in Faridabad

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*637. **Shri Supakar:**
Shri P. G. Deb:
Shri S. M. Banerjee:
Shri Aurobindo Ghosal:
Pandit D. N. Tiwari:
Shri Ajit Singh Sarhadi:
Shri Warior:

Will the Minister of **Rehabilitation and Minority Affairs** be pleased to state:

(a) the number of refugees in Faridabad colony, who are in arrears as regards payment of their dues to the Government and the total amount outstanding against them:

(b) whether it is a fact that there was a violent clash between the refugees and the police on the 29th June, 1960 on an attempt by the rehabilitation department to auction some vacant plots in the colony; and

(c) if so, the full details of the same?

The Deputy Minister of Rehabilitation and Minority Affairs (Shri P. S. Naskar): (a) On 30th June, 1960, 4,488 Displaced Persons were in arrears and the total amount due from them was Rs. 16,62,450·90 nP.

(b) and (c). Yes. There was a hostile demonstration by certain unsocial elements among the displaced persons of Faridabad on 29th June, 1960, who objected to the auction of some vacant plots. Their objection was not understandable as auctions of vacant plots were being regularly held from May 24, 1960 without any hinderance from the people of the town. The police and officers conducting the auction tried to reason with the objectors but without any success. This was followed by pelting of stones and firing which resulted in the death of two persons including one A.S.I. of Police and injuries to about 14 persons. Later on there was another firing in the hospital premises resulting in the death of two more persons. Both these incidents are now the subject matter of a judicial enquiry which has been instituted by the District Magistrate, Gurgaon.

Shri Supakar: May I know if this proposed auction was held on a subsequent date?

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): Is the hon. Member referring to the houses or to the plots?

Shri Supakar: To the plots.

Shri Mehr Chand Khanna: I do not think so.

Shri Supakar: Why not?

Shri Mehr Chand Khanna: We are still looking into the matter and appropriate steps are being taken.

Shri S. M. Banerjee: The hon. Minister has said that they are looking forward to appropriate steps being taken. What steps were taken to give more time to the displaced persons instead of recovering this by auctioning them at pistol point?

Shri Mehr Chand Khanna: The arrears were very heavy. Instead of realising the arrears in one lump sum, we have given the concession to the displaced persons to pay only one month's rental and the arrears relating only to one month. I am not asking for all the arrears to be paid at once. The appropriate action that I am thinking of is that instead of holding an auction I might have tenders.

Shri Supakar: What is the amount of arrears and what is the longest period of the arrears?

Shri Mehr Chand Khanna: The amount of arrears has just now been given. It comes roundabout to Rs. 16,62,000. The longest period may be five, six or seven years because the arrears have not been paid by my friends from Faridabad.

श्री प्रकाश वीर शास्त्री : क्या पुनर्वास मंत्री जी को पता है कि इन विस्थापितों की मकानों की समस्या बहुत देर से

चली आ रही है और यदि पता है तो क्यों नहीं एक प्रकार के सम्मेलन में या उनके प्रतिनिधियों को बुला करके इस समस्या का समाधान किया जाता ?

श्री मेहर चन्द खन्ना : यह मैं जानता हूं और मैंने बहुत कोशिश की है । मेरी तकलीफ यह है कि जो पाकिस्तान में मालिक थे, उनको तो मैंने एवज़ाना दे दिया और जो पाकिस्तान में किरायेदार थे, वे हिन्दुस्तान में मालिक बनना चाहते हैं और कीमत नहीं देना चाहते ।

Shri S. M. Banerjee: Out of the total number of displaced persons, I want to know the number of those who have been allotted land against their compensation and of those who are non-claimants.

Shri Mehr Chand Khanna: It is entirely an urban township. There is no question of allotment of land in Faridabad. It is an industrial township.

Shri B. K. Gaikwad: May I know whether Government are aware that there are certain refugees who are allotted these plots and who are just like fourth grade servants? It is not possible for them to pay two instalments at a time. So they are selling their plots to other money-lenders.

Shri Mehr Chand Khanna: About the second part of the question, the question does not arise because unless the man is an owner of a plot or of a house he cannot sell it. If it is mortgaged to the Government, this cannot be done. As far as I am concerned, I wish to state before the House that if a gentleman wants to become the owner of the house, he may better pay for it otherwise he will remain a tenant and under the special Act of compensation he has got two years special protection after which the normal laws of the State are to apply. He is not being ousted from the house. He wants to become the owner without paying the money for it.

Khadi and Village Industries Commission

*638. **Shri Goray:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that the Secretary of the Khadi and Village Industries Commission is the owner of a silk mill in Bombay; and

(b) whether it is also a fact that all the khadi that is being purchased by the Khadi and Village Industries Commission is being sent to the mill owned by the Secretary for colouring process?

The Minister of Industry (Shri Manubhai Shah): (a) and (b). No, Sir.

Shri Goray: May I know whether before giving khadi for dyeing tenders are invited?

Shri Manubhai Shah: Yes, Sir. Actually speaking the House will be glad to know that not only tenders of quotations are invited and orders placed on rate contract basis but now the Commission has decided not to get it dyed by the mills at all but to open its own centres. Two model regional dyeing houses are being opened—one the Karnatak Khadi Gramodyog Samyukt Sangh, Mysore and the other the Rajasthan Khadi Gramodyog Sangh in Rajasthan, and two more, one in mineral khaki-one by the Government of Madras and another by Bihar Khadi Gram Udyog Sangh.

Shri Goray: The hon. Minister said that the Khadi Board has decided to give khadi for dyeing to the mills. Before this decision, were tenders invited?

Shri Manubhai Shah: This is exactly what I said. In the past, and even now, because the arrangements are still being made, the Khadi Commission had to get a certain amount of fast colour dyeing by mills because they had not the equipment. For that, necessary tenders and quotations are being invited and to whatever was the lowest or to the one which was acceptable to the Khadi Commission, according to quality, etc., long term rate contract is being given to two mills, the India United Works of Bombay and the Swadeshi Dyeing and Printing Works.

Shri Sinhasan Singh: May I know whether it is not contradictory in terms that a mill-owner should also be made the Secretary of the Khadi Board? If he is so, naturally he will try to have things in his own way. Do the Government feel that no mill-owner should be made the Secretary of the Board?

Shri Manubhai Shah: Firstly, he is not a mill-owner. Of course, there would have been no bar even to anybody getting himself wedded to a doctrine of propagating khadi. Here, this gentleman also is not a mill-owner. He is only a director of a mill called the Jasmine silk mill which is a small mill. He is a life time worker in khadi. For several years, he is in the Khadi Commission.

Creches at Jharia and Hazaribagh Coalfields

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*641. { **Shri B. Das Gupta:**
Shri Aurobindo Ghosal:

Will the Minister of **Labour and Employment** be pleased to state:

(a) whether it is a fact that creches in the Jharia and Hazaribagh coalfields are being closed;

(b) if so, what are the reasons and how many have been already closed; and

(c) what are the total number of creches and how many creche-nurses have become unemployed due to the closure of creches?

The Deputy Minister of Labour (Shri L. N. Mishra): (a) and (b). Under the revised Mines Creche Rules, 1959, only mines wherein 50 or more women are employed are required to provide creches. This has resulted in the closure of 46 creches.

(c) 189 and 27.

Shri B. Das Gupta: In view of the fact that this is one of the best welfare measures introduced in the mining area, did the Government enquire before agreeing to the closure of these creches how many women workers will be affected?

Shri L. N. Mishra: This has been done as a result of the recommendations of the Industrial Committee and the amendment of the Creches rules. Efforts are being made to get alternative employment for them. The Chief Labour Commissioner is instructed to take suitable action in the direction.

Shri B. Das Gupta: I understand that creche nurses have become unemployed on account of the closure of the creches. May I know whether any alternative arrangements have been made for the employment of these creche nurses who have been unemployed?

Shri L. N. Mishra: I have said earlier.

Mr. Speaker: This is what he has said. He said that efforts are being made to get them employed.

Shri B. Das Gupta: I want to know the progress made.

Shri L. N. Mishra: Three Central organisations of coal miners are being persuaded by the Chief Labour Commissioner to get employment for them. Only twenty-seven people are unemployed. We believe that most of them will be absorbed.

Institute of Chartered Accountants

***643. Shri Narasimhan:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the percentage of passes in the latest series of examinations conducted by the Institute of Chartered Accountants, India;

(b) whether the percentage of passes in the U.K. of similar examinations has been compared with that obtained in India;

(c) if so, the result of such comparison; and

(d) what proposals Government and the Institute contemplate to obtain better results in the future?

The Minister of Commerce (Shri Kanungo): (a) The percentage of passes in the Chartered Accountants Examinations conducted in November, 1959 and May, 1960 were 18.37 and 25 in the Preliminary Examination, 18.71 and 25.41 in the Intermediate Examination and 17.72 and 25.1 in the Final Examination.

(b) The results of the contemporaneous examinations held in the U.K. are not available.

(c) Does not arise.

(d) The Institute recently appointed a Committee to consider the question of adequacy of training facilities available to new entrants to the profession. The Committee made several suggestions to raise the standard of training. A list of these recommendations was placed on the Table of the House on 4th March, 1960 in answer to Starred Question No. 643. Most of these suggestions have already been accepted by the Institute and are being implemented.

Shri Narasimhan: Has it come to the Government's knowledge that the large-scale failures in these examinations is due to the absence of regular teaching institutions as obtains in the case of other professional institutions?

Shri Kanungo: That is exactly what the Institute has done. It has provided postal as well as local instruction. Special educational institutions for this purpose are nowhere in the world. As a matter of fact, the number of successes in the examinations compares favourably with the examinations in other Universities in other disciplines.

Khampas in Sikkim

***645. Shri Raghunath Singh:** Will the **Prime Minister** be pleased to state whether it is a fact that a large number of Khampas who were engaged in constructing road from Sikkim to Darjeeling have deserted their jobs and their whereabouts are not known?

The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika): So far as we know, a number of Tibetan refugees have left their road work in Sikkim. Some of them have reappeared in Kalimpong and Darjeeling. Some also keep away from work during the monsoon season. The exact number of refugees who have left their work sites in Sikkim is not yet known and enquiries are being made to locate them.

Shri Raghunath Singh: May I know how many Khampas were employed on this road, how many have left the place and whether their whereabouts are known?

Shri J. N. Hazarika: The number of those employed is somewhat more than 3.000.

Shri Raghunath Singh: May I know whether any register is maintained by the Government of India of those persons who are entering India from the Khampa area or Tibet?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): I suppose; I cannot say. I have not enquired into this matter. It seems to me obvious that in every camp registers are kept of the people in the camp. One cannot come in and go out without any record.

Shri Hem Barua: May I know whether it is a fact that the Tibetan refugees who have been sent to the N.E.F.A. for road building work in the early part of this year have deserted their work and come back and concentrated themselves in the camp at Misamari?

Mr. Speaker: This relates to Sikkim-Darjeeling road. The hon. Member is referring to the people being transferred to N.E.F.A. for construction work and their having deserted the work and come back to the camp. The hon. Minister may like to have notice. Next question.

Central Government Employees Strike

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*646. **Dr. Ram Subhag Singh:**
Shri Harish Chandra Mathur:
Shri Indrajit Gupta:
Shri S. M. Banerjee:

Will the Minister of **Labour and Employment** be pleased to state:

(a) whether Government propose to set up any team to conduct an enquiry into the recent strike by the Central Government employees to understand its implications and future reactions; and

(b) what will be the terms of enquiry and whether any non-official will be associated with the team?

The Deputy Minister of Labour (Shri Abid Ali): (a) No. However a Senior Official of the Ministry has been asked to analyse and evaluate the information already available and obtain further information, wherever necessary, in order to have a complete account of the strike.

(b) Does not arise.

Shri Indrajit Gupta: May I know whether the officer who has been appointed to conduct this enquiry is Shri R. L. Mehta and if so, since the enquiry conducted into the previous strikes by this official have been on the basis of the Code of discipline, what is the practical utility of this enquiry since the employing Ministries are not parties to this Code of discipline?

Shri Abid Ali: The purpose of the former enquiry was different. That was under the Code of discipline. The purpose of this particular investigation is as I have mentioned in the main reply. These two are not interconnected.

Shri S. M. Banerjee: I want to know whether this particular officer will also contact the employees organisations who have more facts about the strike or will the whole of his enquiry based on the basis of Government information.

Shri Abid Ali: The organisations concerned are at liberty to send any information that they want him to know.

Shri S. M. Banerjee: I want to know when this work will be started and whether any questionnaire will be sent to the various organisations.

Shri Abid Ali: There is no proposal to send any questionnaire.

Shri Raghunath Singh: May I know the total number of strikers of the Central Government, and the number against whom action has been taken?

Shri Abid Ali: That is not connected with this question.

Shri Harish Chandra Mathur: May I know the status of this officer, and whether he is a whole-time member?

Shri Abid Ali: He is a Joint Secretary in our Ministry.

Shri Tangamani: One question, Sir.

Mr. Speaker: The hon. Member is not a party to this question.

Shri Tangamani: It is important.

Mr. Speaker: I have been showing indulgence to this hon. Member. I have called him several times, but he wants to be called on every question.

Shri Tangamani: This is a new point on this question.

Mr. Speaker: He must allow me to exercise my discretion.

Movable Properties of Displaced Persons

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*647. **Shri Ram Krishan Gupta:**
Shri Rameshwar Tantia:
Sardar Iqbal Singh:
Shri D. C. Sharma:

Will the Minister of **Rehabilitation and Minority Affairs** be pleased to refer to the reply given to Unstarred Question No. 724 on the 4th March, 1960 and state the further progress since made in settling the issues pending between India and Pakistan in regard to the movable properties of displaced persons?

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): There has been no further progress.

Shri Ram Krishan Gupta: What steps have been taken so far to implement the decisions arrived at?

Shri Mehr Chand Khanna: The decisions cannot be implemented unilaterally. We entered into an agreement with Pakistan. Wherever it has been possible, we have been able to implement those decisions, but where we had an unsatisfactory reply, hardly anything could be done in the matter except making representations ever and over again to Pakistan.

WRITTEN ANSWERS TO QUESTIONS

विश्व कृषि मेले में अमरीकी मण्डप

***६२०. श्री म० ला० द्विवेदी :** क्या **वाणिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि विश्व कृषि मेले में जिस अमरीकी मण्डप में 'अमरीकी मेला' लगाया गया था उसे भारत में अमरीकी राजदूत ने भारत सरकार को भेंट कर दिया है ; और

(ख) क्या भारत सरकार भी, जब विदेशों में इस प्रकार की प्रदर्शनियों में भाग लेती है तो अपने मण्डप की वस्तुओं को प्रदर्शनियाँ समाप्त हो जाने पर विदेशों को भेंट कर देती है ?

वाणिज्य तथा उद्योग उपमंत्री (श्री सतीश चन्द्र) : (क) जी, हाँ ।

(ख) कभी कभी, सद्भावना के रूप में ।

Training Centres for Displaced Persons in West Bengal

***626. Shri D. C. Sharma:** Will the Minister of **Rehabilitation and Minority Affairs** be pleased to state:

(a) whether any decision has been taken about the closure of displaced persons' training centres in West Bengal; and

(b) if so, the nature thereof?

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): (a) and (b). With a view to rationalisation and integration of the training schemes for displaced persons with the normal training programme in the State, a review of the sanctioned training schemes in West Bengal was made in August and November, 1959 in consultation with the Directorate General of Resettlement and Employment and the State Government. As a result of this review it was decided that the schemes which had not proved useful from the rehabilitation point of view, particularly in non-engineering trades, should be discontinued.

Handloom Weavers' Co-operative Societies

***628. Shri Pangarkar:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the latest position as on the 31st March, 1960 in regard to the amount of rebate dues to be paid to the Handloom Weavers' Co-operative Societies in the then Bombay State; and

(b) the steps taken to expedite the payments?

The Minister of Commerce (Shri Kanungo): (a) and (b). The information is being collected and will be laid on the Table of the House. The question of payments will be taken up as soon as necessary information has been received.

All India State Bank of India Federation

***629. Shri Ajit Singh Sarhadi:** Will the Minister of **Labour and Employment** be pleased to state:

(a) whether it is a fact that the All India State Bank of India Federation has decided to boycott the Tribunal appointed by the Union Government;

(b) if so, the effect on the working of the Tribunal; and

(c) whether Government intend taking any steps in this connection?

The Deputy Minister of Labour (Shri Abid Ali): (a) This particular Federation only has not been participating in the proceedings before the Tribunal.

(b) and (c). Both the All India organisations of the bank employees and some other organisations representing the employees of the State Bank are participating. The work of the Tribunal is progressing satisfactorily.

Export of Cloth

*631. **Shri Rameshwar Tantia:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that the grey, unprocessed cloth exported from India is being processed, dyed and re-exported at higher price by some importer countries;

(b) if so, whether Government propose to issue licenses to Indian mill-owners for the import of new machines required for indigenous processing, so as to enable them to export the processed cloth which will fetch larger amount of foreign exchange; and

(c) if the reply to part (b) above be in the negative, the reasons therefor?

The Minister of Commerce (Shri Kanungo): (a) Yes, Sir. Some of the countries *e.g.*, U.K., the Scandinavian countries and Hong Kong do import grey unprocessed cloth from India and re-export the same at higher prices after having it processed and dyed.

(b) Yes, Sir. Government is freely encouraging the setting up of processing houses and is affording facilities in modernising the existing processing houses.

(c) Does not arise.

Internal Trade of Cement

*634. **Shri Morarka:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether Government are considering to review the internal trade of cement by State Trading Corporation by creating an organisation of the producers for the purpose of maintaining the pooling arrangements; and

(b) if so, what steps have been taken in the matter?

The Minister of Commerce (Shri Kanungo): (a) and (b). The Estimates Committee's recent Report on the activities of the State Trading Corporation contains a similar suggestion and it is at present under examination.

राजस्थान में बुनकरों के लिये विद्युत्चालित करघे

*६३६. **श्री प० ला० बारूपाल** : क्या **वाणिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि भारत सरकार और राजस्थान सरकार ने बुनकरों को विद्युत चालित करघे देने का निश्चय किया है ;

(ख) यदि हां, तो राजस्थान में सबसे पहले कितने बुनकरों को विद्युत् चालित करघे दिये जायेंगे ; और

(ग) क्या सरकार को मालूम है कि ८० प्रतिशत बुनकर गांवों में रहते हैं जहां बिजली नहीं है और यदि हां, तो ये विद्युत् चालित करघे कहां लगाये जायेंगे ?

वाणिज्य मंत्री (श्री कानूनगो) : (क) जी हां । भारत सरकार ने राजस्थान में २०० विद्युत् चालित करघे सहकारिता के आधार पर हथकरघा क्षेत्र में लगाने की योजना स्वीकार कर ली है ।

(ख) आरम्भ में १३० बुनकरों को एक-एक विद्युत् चालित करघा दिया जायेगा ।

(ग) जिन गाँवों में बिजली नहीं है उनमें ये करघे डीज़ल इंजनों से चलाये जा सकते हैं ।

Palm Sugar

***639. Shri Jhulan Sinha:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether any assessment has been made by the Khadi and Village Industries Commission about the number of standard palm trees capable of yielding palm sugar in the country and the potential capacity for sugar yield per year;

(b) if so, to what extent this capacity is being exploited; and

(c) whether there is any programme for exploiting to the fullest extent the sugar yielding capacity of these palm trees with a view to replacing or supplementing cane sugar in the country?

The Minister of Industry (Shri Manubhai Shah): (a) to (c). A statement is laid on the Table of the House. [*See* Appendix II, annexure No. 78].

Indian Businessmen arrested in Thailand

***640. Shri S. A. Mehdi:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that 14 Indian businessmen were arrested in Thailand on July, 1960;

(b) if so, the details of the same; and

(c) the action taken in the matter?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b). Thirteen Indian businessmen (and not fourteen) were arrested in Thailand on July 1960, for alleged contravention of the local Customs and Exchange Control Acts. These Indian businessmen were the major part of a group of sixteen leading textile merchants, which also included two Chinese and one Jew, who were arrested on 13th July, 1960 and charged with evading, over a long period of time, the payment of customs duty by under invoicing imports from abroad.

(c) On the intervention of the Indian Embassy, the Indians arrested were released on bail by the 19th July, 1960. The Embassy has also been assured by the Government of Thailand that the cases of these merchants would be dealt with justly.

"Indian Express" Building

***642. Shri Ramam:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) the terms and conditions on which "Indian Express" has been allowed to let out a portion of the building on Mathura Road, New Delhi for other purposes;

(b) the names of the parties to whom different portions have been let out; and

(c) the monthly amount of rent they have been permitted to charge from the tenants?

The Deputy Minister of Works, Housing and Supply (Shri Anil K. Chanda): (a) to (c). Messrs. Express News Papers Ltd. have been allowed to let out one lakh out of 1.5 lakh sq. ft. of accommodation in the Express Building for general office purposes on the condition that they pay an additional premium of Rs. 3,75,000 per acre of the buildable land plus 2½ per cent on it as additional annual ground rent provided also they let out 75,000 sq. ft. of accommodation to the State Trading Corporation for a period of three years at Rs. 60 per 100 sq. ft. per month. As for the balance 25,000 sq. ft. of the surplus accommodation, it is open to them to let it out to any parties on such terms and conditions as they deem fit.

Regulations for Metalliferous Mines

***644. Shri T. B. Vittal Rao:** Will the Minister of **Labour and Employment** be pleased to state:

(a) when the regulations for metalliferous mines under Section 57 of the Mines Act, 1952 will be promulgated; and

(b) the reasons for the delay?

The Deputy Minister of Labour (Shri Abid Ali): (a) and (b). The final draft of the regulations, which is ready, has been referred to certain employers' and managers' associations who had asked for a personal hearing before it was finalised. The new regulations will be promulgated as early as possible.

Central Institute for Machine Designing

***648.**
Shri Rameshwar Tantia:
Shri Ram Krishan Gupta:
Sardar Iqbal Singh:
Shri Pangarkar:
Shri Madhusudan Rao:

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 635 on the 4th March, 1960 and state:

(a) whether Government have since considered the alternative proposals for having a separate Central Institute for Machine Designing or organizing a separate Wing in the Heavy Machine Building Plant; and

(b) if so, the nature of the decision taken?

The Minister of Industry (Shri Manubhai Shah): (a) and (b). The Heavy Machine Building, Coal Mining Machinery and the Foundry|Forge Plants will each have a Design Wing of its own. These Design Wings will concern themselves with the preparation of detailed designs and drawings of various components, jigs and tools etc. based on basic designs worked out in the Central Institute for Machine Designing, of items of machinery to be produced and particularly with the manufacturing facilities established in these Plants. The proposal of setting up a Central Institute for Machine Designing is being actively pursued.

Film on Mahatma Gandhi

***649.**
Shri D. C. Sharma:
Shri Pangarkar:
Shri Jinachandran:

Will the Minister of **Information and Broadcasting** be pleased to refer to the reply given to Starred Question No. 715 on the 17th March, 1960 and state the up-to-date progress made in the production of a full-length film on Mahatma Gandhi?

The Minister of Information and Broadcasting (Dr. Keskar): The film is being prepared in collaboration and under the supervision of the Gandhi Smarak Nidhi. As there is a large mass of material, it will take some time to arrange it and make selections. Work is in full swing but it will be difficult to fix a date for its completion.

Kashmir as shown in U.N. Maps

***650.**
Shri Ram Krishan Gupta:
Shri D. C. Sharma:
Shri Madhusudan Rao:
Shri H. N. Mukerjee:

Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 1268 on the 4th April, 1960 and state:

(b) whether Government have received reply from the United Nations Secretariat regarding the wrong delineation of Kashmir's position on the United Nations Map; and

(b) if so, the nature of the reply received?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b). No, Sir. Notwithstanding several reminders, a reply to our letter dated the 17th December, 1958, is still awaited from the United Nations Secretariat.

French Possessions

*651. **Shri D. C. Sharma:**
Shri A. M. Tariq:
Shri Chintamoni Panigrahi:
Shri Ram Krishan Gupta:
Shri Shree Narayan Das:
Shri Vidya Charan Shukla:
Shri Assar:
Shrimati Renu Chakravartty:
Shri Raghunath Singh:
Shri P. K. Deo:
Shri Hem Raj:
Shri Dinesh Singh:
Shri N. R. Muniswamy:
Shri Rameshwar Tantia:
Shri Birendra Bahadur Singhji:
Shri H. N. Mukerjee:
Shri Tangamani:

Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 997 on the 22nd March, 1960 and state the up-to-date position regarding the *de jure* transfer of former French possessions in India?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): There has been no further progress in this matter and the ratification of the Treaty of Cession is still pending with the Government of France. No date for *de jure* transfer of the former French possessions in India has been fixed so far. However, Government continue to bring to the notice of the French authorities the desirability of effecting the *de jure* transfer at the earliest opportunity.

Production of Automobiles

1201. **Shri Pangarkar:**
Shri D. C. Sharma:

Will the Minister of **Commerce and Industry** be pleased to state the number of cars, jeeps and trucks produced by the different automobile manufacturers during the first half of the year 1960?

The Minister of Industry (Shri Manubhai Shah): The number of cars, jeeps and commercial vehicles (Trucks and Buses) produced by the different automobile manufacturers during the first half of the year 1960 is as follows:—

Cars	9218
Jeeps	2314
Commercial vehicles.	3389

Import of Goods by S.T.C.

1202. **Shri Pangarkar:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total money spent by the State Trading Corporation on the import of goods during the first half of the year 1960; and

(b) the total value of exports of Indian goods handled by the Corporation during the same period?

The Minister of Commerce (Shri Kanungo): (a) and (b). The information is being collected and will be laid on the Table of the House.

Industrial Training Institutes

1203. **Shri Pangarkar:** Will the Minister of **Labour and Employment** be pleased to state:

(a) the number of industrial training institutes working in Maharashtra; and

(b) the present strength of trainees in those institutes?

The Deputy Minister of Labour (Shri Abid Ali): (a) Nineteen (including one Vocational Training Centre for Displaced Persons).

(b) 2863 as on 30th June, 1960.

Manufacture of Ephedrin

1204. **Shri P. K. Deo:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the Forest Research Institute has developed a new process for the manufacture of Ephedrin from the Indian Ephedras;

(b) whether we import Ephedrin for the manufacture of medicine like Ephedrin Hydrochlore;

(c) what is our total requirement of Ephedrin;

(d) whether Government have any plan to manufacture Ephedrin in this country according to the new process developed by the Forest Research Institute;

(e) whether there is any proposal to manufacture it in public sector; and

(f) if not, whether licences have been given to private parties for their manufacture?

The Minister of Industry (Shri Manubhai Shah): (a) to (f). The Forest Research Institute has developed a process for the manufacture of Ephedrin alkaloid from Ephedras. There is no proposal at present to manufacture Ephedrin according to this process.

Ephedrin is imported and the country's present requirements are of the order of 6—8 tons per annum.

A few private parties have been issued licence under the Industries (Development and Regulation) Act 1951 for the manufacture of Ephedrin. It is also proposed to manufacture this in the Public sector with the USSR aid; the Scheme envisages organising the cultivation of Ephedra in the country.

Manufacture of Cutch

1205. Shri P. K. Deo: Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether Katha (Cutch) is being manufactured in this country by the latest process developed by the Forest Research Institute;

(b) what steps are being taken to popularise this process of manufacture;

(c) which are the main Katha-producing States in India;

(d) whether we export Katha to foreign countries; and

(e) if so, to which countries and how much annually?

The Minister of Industry (Shri Manubhai Shah): (a) Yes, Sir. By some of the more progressive firms.

(b) Articles have been published and the concerned forest departments have been posted with the information. The Publicity and Liaison Branch of the Forest Research Institute does the necessary publicity. The products are being exhibited in several museums and exhibitions.

(c) Punjab, Uttar Pradesh, Bihar, Madhya Pradesh and Assam are the main Katha producing States in India.

(d) and (e). Cutch is exported to foreign countries and the statistics of exports during 1958 to 1960 (Jan.-May) are furnished below:—

Qty in '000' of lbs.

Value in '000' of Rs.

Countries	1958		1959		1960 (Jan-May)	
	Qty.	Value	Qty.	Val.	Qty.	Val.
United Kingdom	..	.	11	16	..	..
Aden	1	4	..	..	*	*
Pakistan East	*	1	.	..	26	18
Pakistan West	67	163	101	284	15	58
Ceylon	2	2	2	3	2	3

Singapore	*	1	..	..	..	..
Afghanistan	5	18	8	30	7	27
Kenya . .		..	1	2	*	1
Other Countries	1	1	2	5	2	3
TOTAL . .	76	192	125	340	52	110

*Negligible.

Textile Industry

1206. Shri P. K. Deo: Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether Tamarind Kernel powder is used by Textile Industry as a substitute for cereal starches for use as a sizing material;

(b) whether Tamarind kernel powder is produced on an industrial scale;

(c) whether all our requirements of the Textile Industry is met by the Tamarind kernel powder produced in this country; and

(d) if not, whether steps are being taken to manufacture more starch from the Tamarind kernel?

The Minister of Industry (Shri Manubhai Shah): (a) Yes, Sir.

(b) The Tamarind Kernel Powder is produced in the country by several small scale units.

(c) Yes, Sir.

(d) Does not arise in view of (c) above.

Indian Mineral sand Industry

1207. Shri Madhusudan Rao: Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 1199 on the 31st March, 1960, and state the progress since made in regard to rationalisation and modernisation of the Indian Mineral Sand Industry?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): The question of rationalisation and modernisation of Indian Mineral Sand Industry is still being examined by a Committee constituted by the Board of Directors of Travancore Minerals Ltd.

Radio Station in Northern part of West Bengal State

1208. Shri N. M. Deb: Will the Minister of **Information and Broadcasting** be pleased to state:

(a) whether there is a proposal to establish a Radio Station in the northern part of West Bengal; and

(b) if so, the date from which it will begin to operate?

The Minister of Information and Broadcasting (Dr. Keskar): (a) and (b). The Government is at present considering the setting up of a number of medium wave transmitters in the country in order to provide better coverage of broadcasting. The suitability of places in the northern part of West Bengal for the location of a transmitter is being examined while considering the scheme for expansion of medium wave coverage. The transmitter is expected to start functioning during the Third Five Year Plan.

Central Government Employees

1209. Shri Madhusudan Rao: Will the **Prime Minister** be pleased to state:

(a) the total number of Central Government Employees whose total pay ranges between Rs. 80 to Rs. 100, between Rs. 100 to Rs. 200, between Rs. 300 to Rs. 500 per month separately;

(b) the total number of Central Government Officers whose total salary ranges between Rs. 500 to Rs. 1,000, between Rs. 1,000 to Rs. 2,000, between Rs. 2,000 to Rs. 3,000 and those above Rs. 3,000 per month separately; and

(c) The total amount spent by Government for 'A' and 'B' category of officers mentioned above separately?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). Statistics of Central Government Employees are being collected on the basis of 'basic pay' which excludes dearness pay and allowances. The basic pay ranges adopted and the number of employees in each range as on 30th June, 1959 are given below. These figures are inclusive of employment in Railways, Posts & Telegraphs and Defence (Civilians only) but exclude employees of public undertakings and autonomous corporations:

Basic pay ranges	No. of Employees
Rs. 51 and over but below Rs. 101	5,34,241
Rs. 101 and over but below Rs. 201	2,54,622
Rs. 201 and over but below Rs. 501	73,178
Rs. 501 and over but below Rs. 1001	10,580
Rs. 1001 and over but below Rs. 2001	2,729
Rs. 2001 and over but below Rs. 3001	379
Rs. 3001 and above	84
TOTAL . .	8,75,813

(c) Information in regard to the total amount spent by Government (*i.e.* pay, dearness pay and allowances) is not available. However, the annual expenditure on basic pay in respect of the above staff is estimated as under:—

Basic pay ranges	Estimated Total annual basic pay
	Rs. (In thousands)
Category 'A' (Basic pay Rs. 51 and over but below Rs. 501) .	1,17,16,24
Category 'B' (Basic pay Rs. 501 and over	1504,49

Unemployed in Bihar

1210. Shri S. C. Godsora: Will the Minister of **Labour and Employment** be pleased to state:

(a) the number of registered unemployed till December, 1959 in the State of Bihar;

(b) the number of unemployed graduates, intermediates and matriculates registered during this year so far;

(c) the figures of registered unemployed given jobs in different firms; and

(d) the facilities available for training in technical and vocational subjects?

The Deputy Minister of Labour (Shri Abid Ali): (a) 84,377 as on 31st December, 1959.

(b):

Category	No. registered during Jan-June, 1960
1	2
Graduates .	1,461
Intermediates .	2,205
Matriculates .	12,098
TOTAL . .	15,764

(c) The number of applicants placed in employment during January-June, 1960, is given below:

Sector	No. placed during Jan.-June 1960
1	2
Central Government . . .	714
State Government	994
Quasi Government and local bodies	2,035
Private sector . . .	735
TOTAL . . .	4,478

There are 15 Industrial Institutics with total seating capacity of 3744 plus 300 seats for Educated Unemployed Scheme under D.G.R. & E. Schemes.

Exporters of Tobacco

1211. **Shri D. C. Sharma:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether Government have formulated any scheme to help the exporters of tobacco; and

(b) if so, the details thereof?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) Yes, Sir.

(b) The scheme provides for registration of Tobacco exporters by the Tobacco Export Promotion Council, Madras and for allotment of indigenous materials such as Galvanised wire, hoop iron, other hardware materials, Coal for flu-curing and re-drying, and grant of import licences for Garrard wire, Steel hogshead hoops, Pest Control Equipment, Equipment for handling leaf and leaf packages, parts required for replacement or modernisation of re-drying and Cold storage plants etc. There is also a provision for programmed movement by rail of tobacco, meant for export, to the Ports under priority D of the Preferential Traffic Schedule.

Khadi Hundis

1212. **Shri D. C. Sharma:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total amount of Khadi 'Hundis' sold during 1960 so far; and

(b) the position as compared to the last year?

The Minister of Industry (Shri Manubhai Shah): (a) Khadi Hundis are sold only for six weeks during October and November. As such, no hundi has been sold so far.

(b) According to the reports available so far, Khadi Hundis worth Rs. 42,28,477 were sold during 1959.

Shops in Azad Market, New Delhi

1213. **Shri D. C. Sharma:** Will the Minister of **Rehabilitation and Minority Affairs** be pleased to state:

(a) the number of shops constructed in Azad Market, New Delhi;

(b) whether the shops have been provided with electric fittings;

(c) the number of shops lying vacant; and

(d) the reasons for the same?

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): (a) 475.

(b) Yes.

(c) Nil.

(d) Does not arise.

Stoppage of doles to camp refugees

1214. **Shri D. C. Sharma:** Will the Minister of **Rehabilitation and Minority Affairs** be pleased to state the number of cases in which doles have been stopped to the camp refugees of West Bengal in the year 1960?

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): The information is being collected from the Government of West Bengal and will be placed on the Table of the Sabha in due course.

Non-Payment of Dues by Displaced Persons

1215. **Shri D. C. Sharma:** Will the Minister of **Rehabilitation and Minority Affairs** be pleased to state:

(a) the number of persons who have been arrested for non-payment of their dues under Section 30(2) of the Displaced Persons (Compensation and Rehabilitation) Act, 1954, during 1960 so far; and

(b) the amount realised from them?

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): (a) One.

(b) Nil.

Bharat Sevak Samaj in Mysore State

1216. **Shri Siddiah:** Will the Minister of **Planning** be pleased to state:

(a) what is the amount given to the Bharat Sewak Samaj in Mysore State as grants during the year 1957-58, 1958-59, 1959-60 and 1960-61 so far;

(b) the names of the branches of the Bharat Sewak Samaj in Mysore State; and

(c) the details of the work done during the above period?

The Deputy Minister for Planning (Shri S. N. Mishra): (a) A statement is laid on the Table of the House.

STATEMENT

Year	Amount	Purpose
	Rs.	
1958-59 .	2,300	For Lok Karya Kshetra programme.
1959-60 .	(i) 16,100 (ii) 2,580	For Lok Karya Kshetra programme For a pilot project of enlisting and mobilising public cooperation in slum areas of Bangalore.
1960-61 (so far)	(i) 4,500 (ii) 10,210	For Lok Karya Kshetra programme. For a pilot project of enlisting and mobilising public cooperation in slum areas of Bnagalore and Mysore.

NOTE: Under the existing procedure, the grants are given through the Central Office of the Bharat Sevak Samaj.

(b) and (c). No precise information is available.

Export of Ceylon Tea

1217. **Shri Rameshwar Tantia:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that export of Ceylon tea is increasing at our cost; and

(b) whether Government have studied the publicity method adopted by Ceylon Government in various countries?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) Both Indian and Ceylon tea have held their respective positions in world exports and there is nothing to warrant the inference that Ceylon tea is gaining in world markets at the expense of Indian tea.

(b) Yes, Sir.

आकाशवाणी दिल्ली से उर्दू कार्यक्रम

१२१८. **श्री म० ला० द्विवेदी :** क्या **सूचना तथा प्रसारण** मंत्री यह बताने की कृपा करेंगे कि क्या सरकार ने आकाशवाणी के दिल्ली केन्द्र से आधे घण्टे के लिये उर्दू का कार्यक्रम प्रसारित करने के बारे में कोई निर्णय किया है ?

सूचना तथा प्रसारण मंत्री (डा० केसकर) : कुछ समय पहले एक निर्णय हुआ था जिसके अनुसार देश भर के उर्दू श्रोताओं के लिये आकाशवाणी से प्रतिदिन आध घण्टे का उर्दू कार्यक्रम प्रसारित किया जा रहा है । यह कार्यक्रम दिल्ली केन्द्र के लिये ही खाली नहीं है ।

केन्द्रीय रेशम कीट-पालन अनुसन्धान केन्द्र बरहामपुर

१२१९. **श्री म० ला० द्विवेदी :** क्या **वाणिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे कि केन्द्रीय रेशम कीट-पालन अनुसंधान केन्द्र, बरहामपुर के विस्तार कार्य में अब तक क्या प्रगति हुई है ?

उद्योग मंत्री (श्री मनुभाई शाह) : केन्द्रीय रेशम कीट पालन अनुसन्धान केन्द्र, बरहामपुर, की विस्तार योजना सरकार ने मई, १९६० में मंजूर की थी । इस योजना को अमल में लाने के लिये तब से निम्नलिखित कार्रवाई की है :—

(१) बरहामपुर और कालिम्पोंग में इमारतें बनाने के लिये प्रशासकीय मंजूरी जारी कर दी गई है ।

(२) कालिम्पोंग मे भूमि और इमारतें प्राप्त करने के लिये पश्चिमी बंगाल सरकार से कहा गया है ।

(३) इन कामों के लिये कदम उठाये जा रहे हैं : (१) आवश्यक उपकरण तथा सामान खरीदना, और (२) अतिरिक्त कर्मचारियों को भरती करना । अनुसन्धान केन्द्र में इस समय जो सुविधायें उपलब्ध हैं और नई इमारतों के निर्माण में जो प्रगति हो रही है उसे ध्यान में रखते हुए ये कार्य किये जा रहे हैं ।

Market at Janpath

1220. **Shri Ram Krishan Gupta:**
Shri Rameshwar Tantia:
Sardar Iqbal Singh:
Shri D. C. Sharma:

Will the Minister of **Works, Housing and Supply** be pleased to refer to the reply given to Unstarred Question No. 900 on the 9th March, 1960 and state:

(a) whether the details regarding the construction of market at Janpath have been finalised;

(b) if so, what are they; and

(c) the nature of progress made so far in this direction?

The Minister of Works, Housing and Supply (Shri K. C. Reddy): (a) Not yet.

(b) Does not arise.

(c) The revised plans, since prepared, and other details are under scrutiny.

Registration of Benami Companies

1221. **Shri Ram Krishan Gupta:** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 1215 on the 31st March, 1960 and state:

(a) whether Government have considered the question of vesting power in the Registrar under the Companies Act to prevent the registration of benami companies; and

(b) if so, the nature of action taken in the matter?

The Minister of Commerce (Shri Kanungo): (a) Yes.

(b) After careful consideration, it has been decided that it is not necessary to amend the Companies Act for the purpose.

Export of Vegetable Oil and Oil Seeds

1222. **Shri Ram Krishan Gupta:**
Shri Madhusudan Rao:

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Unstarred Question No. 1618 on the 31st March, 1960 and state at what stage is the question of forming a Central Organisation for the export of vegetable oil, oilseeds and oilcakes?

The Minister of Commerce (Shri Kanungo): The matter is still under consideration.

All India Working Class Family Budget Survey

1223. **Shri Ram Krishan Gupta:**
Sardar Iqbal Singh:
Shri A. M. Tariq:
Shri D. C. Sharma:

Will the Minister of **Labour and Employment** be pleased to refer to the reply given to Unstarred Question No. 436 on the 25th February, 1960 and state:

(a) whether the data regarding sample survey in connection with the all India working class family budget has since been tabulated; and

(b) if so, the details thereof?

The Deputy Minister of Labour (Shri Abid Ali): (a) Not yet.

(b) Does not arise.

Manufacture of Cameras and Binoculars

1224. **Shri Ram Krishan Gupta:**
Sardar Iqbal Singh:
Shri Rami Reddy:

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 1289 on the 4th April, 1960 and state at what stage is the proposal for the establishment of factories for manufacturing cameras and binoculars with the collaboration of Japanese firms?

The Minister of Industry (Shri Manubhai Shah): Discussions are now continuing with representatives of the Japanese Company, who are now in India, with a view to finalising the terms of collaboration.

Small Scale and Cottage Industries in Orissa

1225. **Shri Chintamoni Panigrahi:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether any amount has been sanctioned in 1960-61 for development of small scale and cottage industries in Orissa;

(b) if so, how much; and

(c) what are the schemes for when such allocations have been made?

The Minister of Industry (Shri Manubhai Shah): (a) and (b). An amount of Rs. 125.31 lakhs as grants and loans from the Central Government has been earmarked for the development of various cottage and small scale industries in Orissa during 1960-61.

(c). A statement is laid on the Table [*See* Appendix II, annexure No. 79].

Displaced Persons in Rudrapur

1226. **Shri S. M. Banerjee:** Will the Minister of **Rehabilitation and Minority Affairs** be pleased to state:

(a) whether a memorandum has been submitted recently by the displaced persons form East Pakistan now settled in Rudrapur;

(b) if so, what are their demands; and

(c) whether the State Government have been approached to consider these demands?

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): (a) Yes, a representation was received from Tarai Bengali Udvastu Samity, Dineshpur, in April, 1960.

(b) The main demands relate to the allotment of land, grant of maintenance allowance and the provision of educational, medical and drinking water facilities.

(c) These demands have been considered in consultation with the State Government and appropriate action is being taken

हिमाचल प्रदेश में बेरोजगार

१२२७. श्री पद्म देव : क्या **श्रम और रोजगार** मंत्री यह बताने की कृपा करेंगे कि :

(क) ३१ मार्च, १९६० को हिमाचल प्रदेश के काम दिलाऊ दफ्तरों में कितने बेरोजगार स्नातक और ऐसें व्यक्ति दर्ज थे जो स्नातक नहीं हैं; और

(ख) सरकार ने उन्हें रोजगार दिलाने के क्या प्रयत्न किये हैं ?

श्रम उपमंत्री (श्री आबिद अली): (क)

श्रेणी	३१-३-६० को चालू रजिस्टरों में दर्ज उम्मीदवारों की संख्या
१	२
ग्रेज्जुएट्स (स्नातक)	२८
नान-ग्रेज्जुएट्स (इंटरमीडिएट्स और मैट्रिकुलेट्स)	८०३
कुल	८३१

(ख) पंचवर्षीय आयोजना के मातहत बहुत सी विकास योजनाओं में पढ़े लिखे और दूसरी तरह के रोजगार ढूंढने वालों के लिये नौकरी दिलाने की उम्मीद की जाती है।

Indians in Ceylon

1228. Shri D. C. Sharma: Will the **Prime Minister** be pleased to state how many applications of the people of Indian origin who applied for Ceylonese citizenship are still pending?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): The number of applications for Ceylonese citizenship still pending with the Ceylon Government is 840.

Unemployed Women

1229. Shrimati Renu Chakravartty: Will the Minister of **Labour and Employment** be pleased to state:

(a) whether there has been an increase in the number of women seeking jobs through employment exchanges;

(b) their number in April, 1959 and April, 1960;

(c) whether it is a fact that in West Bengal the number has shown a big rise;

(d) whether Government have taken note of the survey which has recently been conducted by Calcutta University on the subject;

(e) whether Government propose to make a more detailed survey and analysis of the problem; and

(f) what is the rate of placement and the general categories of work found for women?

The Deputy Minister of Labour (Shri Abid Ali): (a) Yes.

(b)	April, 1959	90,895
	April, 1960	1,06,054

(c) In West Bengal the number has increased by 825 at the end of April, 1960 as compared with the position in April, 1959.

(d) A copy of the Report on the Socio-Economic Survey of the City of Calcutta 1954-55 has been received.

(e) There is no such proposal.

(f) On an average 1,496 women were placed in employment by the Employment Exchanges every month during the period January-June, 1960. Some of the occupations in which employment is found for women are:

teacher, clerk, typist, telephone operator, gram-sevika, mid-

wife, nurse, dai, hospital servant, ayah and unskilled worker.

Arrest of Naga Leader

1230. Shri Raghunath Singh: Will the **Prime Minister** be pleased to state whether it is a fact that self-styled Naga Brigadier Vehovi Sema was captured in Naga Hills in the first week of May, 1960?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): One self-styled Naga Home Guard Area Commander Vehovi Sema was captured on the 11th May, 1960.

Naga Hostiles

1231. Shri Raghunath Singh: Will the **Prime Minister** be pleased to state whether it is a fact that 8 hostile Nagas were killed and 75 were captured with fire arms and ammunition in Nambor and Dhonsine reserve forests and Japukong and Chagkikong ranges inside the Naga Hills in the 1st Week of May, 1960?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Reports available with us indicate that a hostile camp located in the Assam State territory adjoining the Naga Hills Tuensang Area was attacked by a patrol of our Security Forces on the 6th May 1960. In the encounter 8 hostiles were killed and 1 captured. 1 Stengun, 6 rifles, and 215 rounds of ammunition were recovered from the camp.

दिल्ली में कुटीर तथा लघु उद्योग

१२३२. श्री नवल प्रभाकर : क्या **वाणिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे कि :

(क) दिल्ली में अब तक दूसरी पंचवर्षीय योजना के अन्तर्गत कुटीर तथा लघु उद्योगों को सरकार कितनी धन राशि सहायता के रूप में दे चुकी है;

(ख) यह सहायता किस प्रकार की है; और

(ग) किन-किन कुटीर तथा लघु उद्योगों को यह सहायता दी गई है ?

उद्योग मंत्री (श्री मनुभाई शाह) : (क) और (ग). एक विवरण पटल पर रखा जाता है जिसमें दूसरी पंचवर्षीय योजना के अन्तर्गत दिल्ली में स्वीकृत की गई राशियां उद्योगों के अनुसार दिखाई गई हैं । [**देखिये** परिशिष्ट २, अनुबन्ध संख्या ८०]

(ख) यह सहायता अनुदानों **और** ऋणों के रूप में दी गयी है ।

दिल्ली में हथकरघा उद्योग

१२३३. श्री नवल प्रभाकर : क्या **वाणिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे कि :

(क) दूसरी पंचवर्षीय योजना के अन्तर्गत दिल्ली में हथकरघा उद्योग के विकास के लिये कितने बुनकरों को सहायता दी गई है;

(ख) जो वित्तीय और शिल्पिक सहायता दी गयी है उसका ब्यौरा क्या है; और

(ग) नये डिजाइन की दिशा में की गयी प्रगति का ब्यौरा क्या है ?

वाणिज्य मंत्री (श्री कानूनगो) : (क) ५७८ बुनकर जो ३९ सहकारी समितियों में संगठित हैं ।

(ख) विवरण पटल पर रखे जाते हैं । [**देखिये** परिशिष्ट २, अनुबन्ध संख्या ८१]

(ग) दिल्ली में हथकरघा विकास योजनाओं के कार्यान्वित किये जाने से पहले हथकरघे के केवल दो-तीन कारखाने थे जो सजाने के काम आने वाले डिजाइनदार कपड़े तैयार किया करते थे । दूसरी पंचवर्षीय आयोजना की अवधि में जो कार्य किये गये उनके परिणामस्वरूप ३० बुनकर सहकारी

समितियों ने विभिन्न प्रकार के डिजाइनदार कपड़े तैयार करना शुरू कर दिया है, जैसे पलंग पोश, मेज-पोश, पर्दे, टेपेस्ट्री तथा दूसरे सजावट के कपड़े । सजावट के कपड़े तैयार करने में दिल्ली उत्तर भारत का अब एक महत्वपूर्ण हथकरघा केन्द्र बन गया है ।

दिल्ली राज्य उद्योग एम्पोरियम

१२३४. श्री नवल प्रभाकर : क्या **वानिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे कि :

(क) दिल्ली प्रशासन ने दिल्ली राज्य उद्योग एम्पोरियम पर अब तक कितना खर्च किया है; और

(ख) उस से कितना लाभ हुआ है ?

उद्योग मंत्री (श्री मनुभाई शाह) : (क) मार्च, १९६० तक दिल्ली प्रशासन ने दिल्ली राज्य उद्योग एम्पोरियम पर रु० २,१३,१६१—२४ न० पैसे खर्च किये हैं ।

(ख) उपर्युक्त रकम का लगभग ६० प्रतिशत प्रदर्शनियों की व्यवस्था करने और वस्तुओं के प्रचार पर तथा शेष एम्पोरियम की स्थापना पर खर्च हुआ है । उक्त काल में लाभ कुछ भी नहीं हुआ ।

Export of Plastic Goods

1235. **Shri Ajit Singh Sarhadi:**
Shri Padam Dev:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) the increase in the export of plastic goods during the last two years;

(b) the value of such goods imported, if any, during 1959; and

(c) what further steps are being taken by the Export Promotion Council to increase their export?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) "Plastics goods" are not separately classified in the official statistics. Export figures of some important plastic products, as given in the official statistics, are given below:—

Item No.	Commodity	Export during	
		1958	1959
		(Figures in Rs. in '000'	
1.	Leather cloth . . .	494	1807
2.	Spectacle frames . .	148	1021
3.	Fountain Pens . . .	108	181
4.	Umbrella handles .	37	155
5.	Bangles · .	215	604
6.	Toyes . . .	214	312
7.	Linoleum	143	435

The Plastics Export Promotion Council has collected statistics of total exports of all plastics products and these figures are:—

1958-59—Rs. 27,78,000.
1959-60—Rs. 73,66,500

(b) Finished plastic goods worth Rs. 13,74,000 were imported during 1959 in addition to the imports of raw materials and semi finished products.

(c) (i) The Council is operating a Special Export Promotion Scheme for plastic goods drawn up by the Directorate of Export Promotion, whereby licences for import of raw materials, moulds etc. which are not available within the country, are made available to the exporters who undertake export targets under the Scheme. In the case of some of the indigenous raw materials, the Council allocate them, at concessional prices, against exports, by arrangement with indigenous manufacturers.

(ii) The Council has appointed a representative in Mombasa to canvass orders on behalf of Indian exports. The representative also sends periodical reports about the market conditions in the East African markets to the Council. These reports are made available to the exporters for their guidance.

(iii) The Council sends out Trade Delegations to make on the spot surveys of the foreign markets. So far, the Council has sent out three such delegations to the West Asian countries, African countries and South East Asian countries. Provision has also been made in Programme of the Council for the year 1960-61 for sending out trade delegations to the prospective markets abroad.

(iv) The Council is participating and propose, as in the past, to participate in the Trade Fairs/Exhibitions held in the prospective markets abroad.

(v) The information on marketing conditions obtaining in the foreign countries as well as the trade enquiries received from the foreign countries, through the Government of India Commercial Representatives, are being promptly passed on to the Indian exporters.

(vi) The Council is working out proposals for initiating some measure of quality control on plastic goods exported from the country.

Dyeing of Textile Fabrics

1236. **Shri Raghunath Singh:** Will the Minister of **Commerce and Industry** be pleased to state whether a new process for Dyeing Textile Fabrics has been evolved by Dr. U. B. Chipalkati of Sri Ram Industrial Research Institute?

The Minister of Commerce (Shri Kanungo): Yes, Sir. A new process for Dyeing Textile Fabrics has been evolved by Dr. U.B. Chipalkati of Sri Ram Industrial Research Institute. The process is similar to the Molten Metal Process for continuous dyeing of Stand fact Dyers and Printers Ltd., U.K. particularly in the principle of fixation of dyestuffs. In this process a fluidized bed of sand instead of Molten Metal is employed to get the necessary temperature and pressure required for fixation and penetration of dye. A further advantage is claimed that any temperature can be attained by the external heating of the sand particles by which the process can be employed in other operations such as drying, resin curing, etc.

Japanese Technicians for Small Scale Industries

1237. **Shri Hem Raj:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the number of technicians which Japan has agreed to send to India under the Indo-Japanese Agreement for the development of Small Scale Industries; and

(b) the institutes where they will be put?

The Minister of Industry (Shri Manubhai Shah): (a). Under the agreement concerning the establishment of Indo-Japanese Prototype Production and Training Centre for Small Scale Industries at Howrah, West Bengal, the Government of Japan have agreed to send to India, 20 Japanese experts to help in setting up the Centre.

(b) All the 20 Japanese experts will work at the Centre at Howrah.

Training in Small Scale Industries

1238. **Shri Hem Raj:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the number of trainees which Government propose to send to Japan under the Indo-Japanese Agreement regarding the development of Small Scale Industries for getting training in small scale industries during 1960;

(b) how will their expenses be borne, whether by the Centre or by the States; and

(c) what will be their period of training?

The Minister of Industry (Shri Manubhai Shah): (a) to (c). There is no proposal to send trainees to Japan for getting training in small scale industries under the Indo-Japanese agreement concerning the establishment of prototype production and training Centre at Howrah.

Housing Colony for the Sanapadar Weavers' Co-operative Society (Orissa)

1239. Shri Chintamoni Panigrahi: Will the Minister of **Commerce and Industry** be pleased to refer to the **reply** given to Starred Question No. 1864 on the 28th April, 1960 and state:

(a) whether it has been considered by now to allot a housing colony to the Sanapadar Weavers' Co-operative Society in the district of Puri in Orissa;

(b) what inquiries were being conducted about the Cooperative Society;

(c) how many colonies for weavers' cooperatives have been constructed by now in Orissa; and

(d) the weavers' cooperative societies which have been allotted these colonies?

The Minister of Commerce (Shri Kanungo): (a) and (b). The State Government have not yet completed the enquiries undertaken by them with a view to ascertain the latest financial position of the Society. The question of allocating a housing colony to the Society will be considered by the State Government after the enquiry has been completed.

(c) Two housing colonies have since been completed and one more is in progress.

(d) (1) Sambalpuri Bastralaya Weavers Co-operative Society in the district of Sambalpur.

(2) Khurda Weavers Co-operative Society in the district of Puri.

(3) Jagannath Prasad Co-operative Society in the district of Ganjam.

औद्योगिक कर्मचारियों के लिये कैन्टीनें

१२४०. श्री नवल प्रभाकर : क्या **श्रम और रोजगार** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या दिल्ली में औद्योगिक कर्मचारियों के लिये कैंटीनें खोलने के हेतु कोई सहायता दी गई है ;

(ख) यदि हां, तो ऐसी कैंटीनें कितनी हैं; और

(ग) ये कैन्टीनें कहां-कहां हैं ?

श्रम उपमंत्री (श्री आबिद अली) : (क) जी नहीं ।

(ख) प्रश्न नहीं उठता ।

(ग) प्रश्न नहीं उठता ।

Hotel Janpath

1241. Shri Narayanankutty Menon: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether the Government is considering any changes in the building of Hotel Janpath;

(b) if so, what are the changes proposed; and

(c) what would be the cost of effecting such changes?

The Minister of Works, Housing and Supply (Shri K. C. Reddy): (a) Yes.

(b). (I) Glazing of connecting passages and corridors.

(II) Extention of kitchen.

(III) Extension of dining hall.

(IV) Construction of a small lounge adjacent to Reception Office.

(V) Railing over a small portion of the top terrace.

(c) Rs. 4,75,943 excluding the cost of works at item Nos. (III) (IV) and

(V) in part (b) of the question for which plans and estimates are under preparation.

Indian Loan to Bhutan

1242. **Shri Bishwanath Roy:**
Shri Jadhav:

Will the **Prime Minister** be pleased to state whether it is a fact that the Government of India have given a loan to Bhutan Government to enable the latter to buy surplus foodgrains from the cultivators of that country?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): The Government of India granted a loan of Rs. 8.5 lakhs to the Government of Bhutan in March, 1960 for building military barracks and for purchase of surplus rice in certain parts of Bhutan for feeding labour employed on road construction projects there.

Report of Market Surveys in Foreign Countries

1243. **Shri Chintamoni Panigrahi:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) how many reports of the market surveys in foreign countries which are conducted by specialised agencies on behalf of Commercial Representatives in Indian Embassies have been received during the last 8 months; and

(b) how many of these reports are published?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) and (b). Out of the seventeen survey reports received during the last 8 months, fourteen have been published.

Import of Spun Silk Yarn

1244. **Shri Subodh Hansda:**
Shri R. C. Majhi:
Shri Nek Ram Negi:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the import of spun silk yarn is still continued;

(b) if so, from which countries such imports are made;

(c) what are the agencies through which imports are made; and

(d) the total quantity of silk yarn imported in 1959-60 and its value?

The Minister of Industry (Shri Manubhai Shah): (a) Yes, Sir.

(b) China.

(c) The State Trading Corporation of India Ltd., New Delhi, only.

(d) 13,107 lbs. valued at Rs. 2.28 lakhs.

Development of Handicrafts

1245. **Shri Subodh Hansda:**
Shri R. C. Majhi:
Shri Nek Ram Negi:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the grant obtained from the Ford Foundation by the Handicrafts Board is utilised only in appointing foreign experts for the development of handicrafts;

(b) the number of experts working at present; and

(c) in what way these experts are helping to develop the handicrafts?

The Minister of Industry (Shri Manubhai Shah): (a) Yes, Sir.

(b) Four.

(c) These experts come from different fields and they render valuable guidance and advice to the All India Handicrafts Board in regard to the production, development, export promotion, etc. of the Indian Handicrafts. These experts also carry on experiments and impart training to the persons employed in producing handicrafts.

Coffee Board

1246. **Shri Subodh Hansda:**
Shri Nek Ram Negi:
Shri R. C. Majhi:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the report of the Expert Committee appointed by Government for reviewing the marketing system adopted by the Coffee Board has been examined;

(b) what are the main recommendations of the Committee; and

(c) whether all the recommendations have been accepted by Government?

The Minister of Commerce (Shri Kanungo): (a) to (c). The report has been received and the recommendations are still under examination in consultation with the Coffee Board. When final decisions are taken a summary of the main recommendations and Government's decisions thereon will be placed on the Table of the House.

Jute Mills

1247. **Shri Subodh Hansda:**
Shri Nek Ram Negi:
Shri R. C. Majhi:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the uneconomic jute Mills which often declare closure or loss are financed by Government;

(b) if so, what are the conditions under which such mills are financed; and

(c) the total amount spent up to date since 1959 by Government for financing the mills?

The Minister of Commerce (Shri Kanungo): (a). No, Sir.

(b) and (c). Do not arise.

Foreigners with Diplomatic Passports in India

1248. **Shri Rameshwar Tantia:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that the number of foreigners holding diplomatic passports and stationed in India is increasing; and

(b) the number of such persons of each of the countries which had diplomatic missions in India in 1958, 1959 and 1960 to date?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) Yes, to a slight extent.

(b) A statement is placed on the Table of the House. [*See* Appendix II, annexure No. 82].

Small Scale Industries Research Unit of UNESCO at Hyderabad

1249. **Shri Madhusudan Rao:** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Unstarred Question No. 2837 on the 28th April, 1960 and state:

(a) whether any further information has since been received regarding the establishment of a Small Scale Industries Research Unit by the UNESCO at Hyderabad; and

(b) if so, the particulars thereof?

The Minister of Industry (Shri Manubhai Shah): (a) and (b). The United Nations Educational Scientific and Cultural Organisation is not considering the establishment of any Small Scale Industries Research Unit at Hyderabad.

2. The Research Centre on the Social Implications of Industrialisation of the UNESCO is, however, engaged on the study of small industries—their role on the Economy of Country and the social implications arising out of the same. That Centre have already completed its work in the

Howrah Engineering Group of Industries in Calcutta and in the art-silk Industry in Bombay and is proposing to undertake similar studies in other areas for which the following arrangements are reported to have been made by them:

(i) A study of different small scale industries in Ludhiana to be carried out by the Department of Economic, University of Punjab.

(ii) A study of small scale industries (steel processing and steel fabricating) in Hyderabad—Secunderabad to be carried out by the Indian Institute of Economics, Hyderabad.

(iii) A study of Industrial Estates of Rajkot, Baroda and Surat to be carried out by the University of Baroda.

3. The work in each of these places will be done under the general supervision of, and will be co-ordinated by, the above mentioned centre, who will meet the cost on these studies.

Trade Agreement with Pakistan

1250. **Shrimati Ila Palchoudhuri:** Will the Minister of **Commerce and Industry** be pleased to state the extent to which the terms of the recent Trade Agreement signed between India and Pakistan relating to issue of licences for import of fruits from Pakistan into India and *vice versa* have been implemented by the Governments of India and Pakistan since the Trade Agreement was signed?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): Under the current Trade Agreement with Pakistan, we have issued licences for a total value of Rs. 14.31 lakhs upto 29-7-1960 for the import of fresh fruits from Pakistan, and Pakistan has advised that she has issued licences worth Rs. 15.30 lakhs for import of fresh fruits from India, upto the Ist week of May, 1960. It is expected that the entire quota will be utilized within the stipulated period.

Okhla Industrial Estate

1251. **Shri Kunhan:** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 913 on the 17th March, 1960 and state:

(a) the number of farmers from whom Government acquired about 175.07 acres of land for the Industrial estate at Okhla;

(b) whether any of them have been paid compensation since then;

(c) if not, the steps taken in this direction; and

(d) the time by which Government hope to give compensation to these farmers?

The Minister of Industry (Shri Manubhai Shah): (a) 127 owners, of whom 36 were cultivators.

(b) to (d). The entire amount of compensation *viz.* Rs. 10,97,903:89 has been deposited with the Land Acquisition Collector. It is understoood that compensation has been paid to 71 persons and that the cases of 32 persons, who had raised certain objections, which were settled by the Land Acquisition Collector are now pending with the District Magistrate, Delhi while the remaining 24 persons have not yet turned up for receiving compensation.

P.V.C. and and V.I.R. Wires

1252. **Shri Ram Garib:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether P.V.C. and V.I.R. wires are exported;

(b) if so, the names of the countries;

(c) the quantity of P.V.C. and V.I.R. wires exported during the last three years and the amount of foreign exchange earned; and

(d) what efforts Government are making to see that the standard of Indian P.V.C. and V.I.R. wires comes up to the standard of other competing countries?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) Yes, Sir.

(b) Afghanistan, Pakistan, Singapore and Aden.

(c) The value of P.V.C. and V.I.R. insulated cables and flexibles exported during the last three years is as follows. (Information about quantity is not available):—

Year	*Value Rs.*
1957	10,769
1958	31,048
1959	39,401

(d) Large Scale Units manufacturing cables are working in collaboration with reputed manufacturers abroad and the cables produced by them are generally according to standard specifications.

As regards Small-Scale units, the following steps have been taken to improve and standardize the quality of these cables:—

(1) Technical Assistance is rendered by Small Industries Service Units in the States.

(2) Suggestions are made for use of improved types of machinery and equipment.

(3) Testing Laboratories have been provided in some Institutes to enable Small Scale Units to test their products.

(4) Use of Indian Standard specifications by Small Scale Units is encouraged.

Sholapur Spinning and Weaving Company Ltd.

1253. **Shri Kalika Singh:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether there has been an undue fall in the volume of production in respect of cotton textiles manufactured in the Sholapur Spinning and Weaving Company Ltd., Sholapur, and the Pratap Spinning, Weaving and Manufacturing Co. Ltd., Amalner (East Khandesh District);

(b) if so, how much and the explanation for the unreasonable decline in production;

(c) what steps Government have taken to raise the production to reasonable level; and

(d) who was managing the undertakings previously and who is managing them today?

The Minister of Commerce (Shri Kanungo): (a) and (b). The statistical production returns submitted by the mills to the Textile Commissioner's Office do not indicate any undue fall in the volume of production in respect of cotton textiles (cloth) manufactured in the Sholapur Spinning and Weaving Mills and Pratap Spinning, Weaving and Manufacturing Co., Ltd., Amalner (East Khandesh District).

(c) The Government have instituted an inquiry under Section 15 of the Industries (Development and Regulation) Act, 1951, into the affairs of both the mills.

(d) Upto 12th January, 1957, M/S. Morarka & Company were the Managing Agents for Sholapur Spinning and Weaving Mills, Sholapur. Thereafter it is being managed by a Board of Directors and the Government nominee, the Collector of Sholapur is the Chairman of the present Board. In the case of Pratap Spinning, Weaving and Manufacturing Company Ltd., Amalner (East Khandesh), M/S. Motilal Manekchand & Company, are the Managing Agents since 1954.

Offences under Mines Act, 1952

1254. **Shri Jhulan Sinha:** Will the Minister of **Labour and Employment** be pleased to state whether there is any proposal under consideration for prescribing the minimum punishment for offences under the Mines Act, 1952 and also for their trial by *ad hoc* magistrates conversant with or experienced in the state of affairs obtaining in the working of mines?

The Deputy Minister of Labour (Shri Abid Ali): There is no proposal to prescribe minimum punishments. The question of appointing Special Magistrates in different States to ensure that due importance is given to infringement of safety laws has been referred to State Governments.

Broadcasting Station in Western Ghats Area

1255. Shri Achar: Will the Minister of **Information and Broadcasting** be pleased to state:

(a) whether Government are aware that people in the entire coastal area and the west of the Western Ghats are not able to hear the only Kannada broadcasting stations of Dharwar and Bangalore;

(b) whether representations have been made to Government that a broadcasting station in that area should be established to develop the languages of the area, namely Tulu and Konkani; and

(c) if so, whether Government have considered the representations and arrived at any decisions on said proposals?

The Minister of Information and Broadcasting (Dr. Keskar): (a) to (c). Complaints have been received from the areas mentioned in the question about bad reception of the Radio Stations of Bangalore and Dharwar.

Government is considering proposals for improving reception in these areas. In that connection a 2 KW shortwave transmitter is under installation at Dharwar and is expected to go into service soon.

Import Licences

1256. { **Shri B. Das Gupta:**
Shri Aurobindo Ghosal:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) how many cases of import licences secured fraudulently have been detected during 1959 and 1960 so far; and

(b) what were the main articles for which such licences were secured?

The Minister of Commerce (Shri Kanungo): (a)

Year	*No. of cases detected*
1959	85
1960 (upto 31-7-60)	42

(b) The main articles were Betelnuts, Copra, Nutmegs, Camphor, Art Silk Yarn, Tractors, Hydrosulphite of Soda, and Rangolite 'C' etc.

News Bulletin

1257. Shri Ramji Verma: Will the Minister of **Information and Broadcasting** be pleased to state:

(a) whether it is a fact that the constituent units of A.I.R. have to use news bulletin issued by the Central service;

(b) whether there has been any difficulty experienced by A.I.R. in this connection; and

(c) if so, what is the difficulty?

The Minister of Information and Broadcasting (Dr. Keskar): (a) It is presumed the Hon'ble Member means the regional stations of All India Radio. The position is that the regional stations relay the national news bulletins which are centrally broadcast by the News Services Division of All India Radio. Most of them also broadcast, in addition, their own regional news bulletins for which purpose regional news units have been set up.

(b) No, Sir.

(c) Does not arise.

Floating Fair

1258. **Shri Kunhan:** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Unstarred Question No. 284 on the 4th August, 1960 and state:

(a) whether there was any difficulty in clearing goods from the 'Floating Fair'; and

(b) if so, the nature of the difficulties?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) and (b). It has been brought to the notice of this Ministry that the delivery of goods belonging to various participants has been held up by the National Steamship Co. Ltd. (owners of the boat on which the Floating Fair was set up) because of a dispute between the organisers of the Floating Fair and the Steamship Co. The matter is *sub-judice*.

Electricity Leakage in Vinay Nagar

1259. **Shri Ram Garib:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether it is a fact that there was leakage of electricity in the entire locality of South Vinay Nagar, New Delhi, on the 27th July, 1960;

(b) if so, whether Government have made enquiries into the matter of defective wiring and use of defective materials of electrical goods by the contractors or the C.P.W.D.; and

(c) whether there was any case of electrocution on that day in the colony and if so, who was involved?

The Minister of Works, Housing and Supply (Shri K. C. Reddy): (a) to (c). There was leakage of electricity in only one block of eight quarters in Nauroji Nagar (South Vinay Nagar) on the 27th July, 1960. The cause of the leakage, which has already been rectified, is still under investigation by the C.P.W.D. and the New Delhi Municipal Committee. There was no case of electrocution, but a six-year old girl, on touching a galvanised iron wire fencing in the compound, got an electric shock. She was treated at the Safdarjang Hospital, and recovered completely.

News Bulletins of A.I.R.

1260. **Shri Muhammed Elias:**
Shri Aurobindo Ghosal:
Shri B. Das Gupta:

Will the Minister of **Information and Broadcasting** be pleased to state:

(a) from which A.I.R. station or stations news are broadcasting;

(b) who controls the news broadcasting programmes of A.I.R.;

(c) how news items are collected; and

(d) how many reporters are there in each State?

The Minister of Information and Broadcasting (Dr. Keskar): (a) All Stations of A.I.R. relay the all-India news bulletins broadcast from Delhi in all regional languages. Regional Stations, which are headquarters of States, in addition broadcast a short regional news bulletin.

(b) The Director of the News Services Division, All India Radio and the staff of the Division at various Stations.

(c) A.I.R. has no news gathering organisation of its own. Its main sources of news are:—

(1) The Press Trust of India,

(2) Monitoring of major world radio organisations.

(3) Union and State Govt. Information Officers,

(4) A.I.R.'s Correspondents.

(d) The News Services Division has its own Correspondents only at the following places:—

New Delhi, Calcutta, Bombay, Madras, Lucknow, Bhopal and Srinagar, and a part-time correspondent at Gangtok.

In addition local Reporters are at present functioning at the following places for the regional news units:—

Hyderabad, Cuttack, Gauhati, Jammu, Srinagar, Trivandrum, Bombay, Ahmedabad, Jaipur, Bhopal, Lucknow and Patna.

Paper Mill at Balagula

1261. Shri Siddiah: Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Unstarred Question No. 351 on the 22nd February, 1960 and state:

(a) the progress, if any, since made regarding the starting of the Paper Mill at Balagula in Mysore State; and

(b) if not, the reasons therefor?

The Minister of Industry (Shri Manubhai Shah): (a) The Mills have reported the following further progress:

(i) 1st shipment of machinery is expected by the end of August, 1960.

(ii) Compensation for land has already been paid to Government.

(iii) Construction of factory building is in progress.

(b) Does not arise in view of (a) above.

केन्द्रीय लोक निर्माण विभाग और सम्भरण तथा निबटान के महानिदेशालय में हिन्दी के प्रपत्र

१२६२. श्री प्रकाश वीर शास्त्री : क्या **निर्माण, आवास और सम्भरण** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या निर्माण, मुद्रण, संभरण और निबटान के बारे में केन्द्रीय लोक निर्माण विभाग, मुद्रण लेखन सामग्री विभाग और संभरण तथा निबटान निदेशालय द्वारा किये जाने वाले करार, यदि ठेकेदार चाहे तो, हिन्दी में लिखे जा सकते हैं; और

(ख) यदि उपरोक्त भाग (क) का उत्तर नकारात्मक हो, तो इसके क्या कारण हैं और इस सम्बन्ध में क्या कार्यवाही की जा रही है ?

निर्माण, आवास और सम्भरण मंत्री (श्री क० च० रेड्डी) : (क) नहीं।

(ख) (१) जब तक हिन्दी राज्यभाषा के रूप में चालू न हो जाये, और सारा कर्मचारी-वर्ग भली भांति हिन्दी न जान जाये, उस समय तक करारों के हिन्दी अनुवादों को चाल करना कठिन होगा ।

(२) करारों की सामान्य शर्तें तथा इन तीन विभागों द्वारा प्रयोग में लाये जा रहे अनेक प्रपत्र (फार्म) संविदात्मक (ठेके से सम्बन्ध रखने वाले) ढंग के प्रलेख (डॉक्युमेंट) हैं, इसलिये उनका हिन्दी अनुवाद उच्च कोटि के सुयोग्य ऐसे कानूनी-विशेषज्ञों से करवाना और जंचवाना होगा, जिन्हें हिन्दी का समुचित ज्ञान हो । इसमें अवश्य ही कुछ समय लगेगा । फिर भी, एक यह निश्चय किया गया है कि संभरण तथा निपटान के महानिदेशालय द्वारा प्रयोग में लाये जा रहे निम्नलिखित प्रलेखों का हिन्दी अनुवाद करवाया जाये :

(१) बिल फार्म ।

(२) टेंडरों के लिये आमन्त्रण ।

(३) ठेके की सामान्य शर्तें ।

शुरू शुरू में इन फार्मों का प्रयोग परीक्षण के तौर पर किया जायेगा ।

जिन्हें सरकारी क्वार्टर दिये जाते हैं उनके लिये हिन्दी में प्रपत्र

१२६३. श्री प्रकाश वीर शास्त्री : क्या **निर्माण, आवास और सम्भरण** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या सरकारी क्वार्टरों में रहने वाले कर्मचारियों को कब्जा लेते और देते

समय हिन्दी में प्रपत्र (फार्म) भरने की छूट है ;

(ख) क्या यह सच है कि हिन्दी मे ऐसे प्रपत्रों के न होने से विशेषतः चतुर्थ श्रेणी के कर्मचारियों को काफी असुविधा होती है ; और

(ग) इन प्रपत्रों का हिन्दी रूपान्तर तैयार करने के लिये क्या व्यवस्था की जा रही है ?

निर्माण, आवास और सम्भरण मंत्री (श्री क० च० रेड्डी) : (क) हां।

(ख) हो सकता है कि कुछ लोगों को असुविधा अनुभव हुई हो, पर ऐसा कोई विशिष्ट उदाहरण सामने नहीं आया।

(ग) सम्बन्धित प्रपत्र (फार्म) इस समय तो केवल अंग्रेजी में ही उपलब्ध हैं। परन्तु उन्हें हिन्दी में छापने के लिये कदम उठाये जा रहे हैं।

Manufacture of Typewriters

1264. Shri Indrajit Gupta: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the number of concerns in India which are manufacturing typewriters;

(b) their present output and future target of production;

(c) the share of Indian and foreign capital in these concerns; and

(d) whether there is any scheme for putting a cheap typewriter in the market?

The Minister of Industry (Shri Manubhai Shah): (a) There are at present four units manufacturing typewriters in the large scale sector. One other scheme has recently (July, 1960) been approved in the small scale sector; it has not yet come into production.

(b) In the years 1959 and 1960 (January-June), 21,437 Nos. and 8,207 Nos. typewriters respectively were produced. The estimated production during 1961 is expected to be of the order of 36,000 Nos.

(c) With the exception of one firm, in which the capital is wholly foreign (U.S.A.), there is no foreign capital participation in any of the other concerns.

(d) There is no such scheme at present.

Garages in Vinay Marg

1265. Shri A. M. Tariq: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether Government have decided to construct 50 per cent garages in Vinay Marg, New Delhi, instead of 20 per cent already decided; and

(b) if so, the amount of expenditure likely to be incurred thereon?

The Minister of Works, Housing and Supply (Shri K. C. Reddy): (a) Upto the year 1955, garages were being constructed at the rate of two for every four DI or DII type houses in New Delhi *i.e.* for 50 per cent of DI or DII type houses. For reasons of economy, it was subsequently decided to construct one garage for every four DII type houses and, on this basis, garages were provided for the DII type flats in Vinay Marg. However, because of the shortage of residential accommodation in this and other localities, houses were being allotted to officers entitled to higher class of accommodation. There were, therefore, urgent and pressing demands from such officers for allotment of garages. As the demands far exceeded the number of garages available, it has been decided to construct garages for 50 per cent of DI and DII type houses in New Delhi, depending upon the demand therefor and the availability of land in each colony. This decision is not thus a new one but only means reversion to the *status quo* ante.

(b) Rs. 75,800 (excluding departmental charges) approximately for 42 garages in Vinay Marg.

Power Transmitter in Dandakaranya

1266. Shri Surendranath Dwivedy: Will the Minister of **Information and Broadcasting** be pleased to state:

(a) whether there is any proposal to locate a 20 k.w. power transmitter in Dandakaranya area; and

(b) if the reply to part (a) above be in the affirmative, the place where it is proposed to be set up and whether any land has been acquired for the purpose?

The Minister of Information and Broadcasting (Dr. Keskar): (a) and (b). The Government is at present considering the setting up of a number of medium wave transmitters at various places in the country in order to povide a better coverage of broadcasting. The suitability of places in the Dandakaranya area for the location of a transmitter and its power is being examined from the point of view of technical and other considerations. No land has been acquired for the purpose so far nor has any definite location been decided upon.

Labour Disputes in Madras State

1267. { **Shrimati Parvathi Krishnan:**
Shri Nagi Reddy:

Will the Minister of **Labour and Employment** be pleased to state:

(a) the number of labour disputes which arose in Madras State during 1959; and

(b) the number of those out of them which have been settled?

The Deputy Minister of Labour (Shri Abid Ali): (a) 1,264.

(b) 1,134, including 308 which were referred for adjudication.

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12 hrs.

RE: MOTION FOR ADJOURNMENT

Shri Surendranath Dwivedy (Kendrapara): Sir, I had given notice of an adjournment motion regarding the flood damage to Orissa.

Mr. Speaker: I have admitted it as a calling attention notice.

Shri Surendranath Dwivedy: But the question is so very important and serious. Today the Governor's statement says that human bodies are floating over the water, and we do not know the extent of damage. There is no communication.

Mr. Speaker: Order, order. There is a Government there, is it not? Hon. Members ought not to make this the Orissa Legislative Assembly. I have already admitted it. In view of the fact that help has to be given if there are serious floods, I have taken notice of it and asked the hon. Minister to make a statement. He says he will gather information and place it before the House in a couple of days. What is the object of the adjournment motion now?

Shri Surendranath Dwivedy: The purpose is not to censure the Government of India

Mr. Speaker: Even then, if he has no information, what can be done? I am not prepared to allow it. This is an endless kind of interruption. I have not disallowed it. I am taking serious notice of what is happening there. There is a State Government. The State Government must write to this Government that they are in need of assistance. This Government cannot supersede that Government. Hon. Members do not go to that Government and see what exactly are the measures that they have taken, and if this Minister who is in over-all charge and goes to the help of the various States says he wants a couple of days to understand what exactly the situation is, our friends are impatient.

Shri Supakar (Sambalpur): I do not know if there is even telegraphic communication.

Shri P. K. Deo (Kalahandi): Last Saturday I gave notice of a calling attention motion to the Minister of Irrigation and Power to make a statement this morning regarding the situation created by these unprecedented floods there. Two days have elapsed, and by this time the Minister should have collected the information and placed it before the House.

Shri Surendranath Dwivedy: Further, the Railway Minister made a statement the other day that because of the floods railway lines had been dislocated. About a week back a statement was made here. Am I to understand that no information has been received by the Central Government?

Shri Chintamoni Panigrahi (Puri): During the last two weeks communications between north and south Orissa have been completely cut off, and one million people have been affected. Some money and material should be rushed from the Prime Minister's Relief Fund.

Shri P. K. Deo: This is the telegram I received this morning.

Mr. Speaker: Let me hear the hon. Minister.

The Minister of Irrigation and Power (Hafiz Mohammad Ibrahim): As far as the collection of information in regard to such matters as floods is concerned, the State itself cannot collect it, especially from all the places where floods have taken place, within three days. I have already promised you that within the shortest possible time, two or three days, I will be able to make a statement in the House, and I shall place before the House all the information that I am able to get.

Shri Chintamoni Panigrahi: Immediate help is necessary.

Mr. Speaker: Papers to be laid on the Table.

12.07 hrs.

PAPERS LAID ON THE TABLE

STATEMENT *re*: STRIKE BY A SECTION OF RAILWAYMEN

The Deputy Minister of Railways (Shri S. V. Ramaswamy): On behalf of Shri Jagjivan Ram, I beg to lay on the Table a copy of the statement relating to the recent strike by a section of railwaymen. [*Placed in Library. See* No. LT-2310/60].

AMENDMENTS TO DISPLACED PERSONS (COMPENSATION AND REHABILITATION) RULES

The Deputy Minister of Rehabilitation (Shri P. S. Naskar): I beg to lay on the Table a copy of Notification No. G.S.R. 881 dated the 30th July, 1960 making certain further amendments to the Displaced Persons (Compensation and Rehabilitation) Rules, 1955 under sub-section (3) of section 40 of the Displaced Persons (Compensation and Rehabilitation) Act, 1954. [*Placed in Library. See* No. LT-2311/60].

12.09 hrs.

FINANCIAL COMMITTEES, 1959-60 (A REVIEW)

Secretary: I beg to lay on the Table a copy of the "Financial Committees, 1959-60 (A Review)."

12.09½ hrs.

CHILDREN BILL

REPORT OF JOINT COMMITTEE

Shrimati Uma Nehru (Sitapur): I beg to lay on the Table a copy of the Report of the Joint Committee on the Bill to provide for the care, protection, maintenance, welfare, training, education and rehabilitation of neglected or delinquent children and for the trial of delinquent children in the Union territories, pending in Rajya Sabha.

EVIDENCE

Shrimati Uma Nehru: I beg to lay on the Table a copy of the evidence given before the Joint Committee on the Children Bill, 1959, pending in Rajya Sabha.

12.11 hrs.

RELEASE OF A MEMBER

Mr. Speaker: I have to inform the the House that I have received the following letter dated the 19th August, 1960 from the Judicial Magistrate, Ahmedabad:

> "I have the honour to inform you that the police authorities who arrested Shri Karsandas Parmar, Member, Lok Sabha, on the 18th August, 1960, in connection with offences punishable under sections 147, 149, 188, 332 and 337 of the Indian Penal Code, produced him before me on the 19th August, 1960. Shri Karsandas Parmar was enlarged on bail on his executing a personal recognition bond of Rs. 700, pending the trial of the case."

12.12 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

FORWARD TRADING IN BLACK PEPPER

Shri A. K. Gopalan (Kasergod): Under Rule 197, I beg to call the attention of the Minister of Commerce and Industry to the following matter of urgent public importance and I request that he may make a statement thereon:—

> "The recognition reported to have been granted to an association in Bombay to conduct forward trading in black pepper".

The Minister of Commerce (Shri Kanungo): When the question of establishing forward markets for pepper was under the consideration of the Forward Markets Commission, Bombay, certain associations in the former State of Travancore-Cochin and an association in Bombay had applied for recognition to conduct forward trading in pepper. The Forward Markets Commission after a careful consideration of the claims of the respective centres recommended to Government in January, 1956 that a forward market for pepper might be established immediately at Cochin. The Commission also stated that the need for hedging facilities in Bombay city would be examined again after sufficient experience had been gained of the working of the Cochin market. The recommendations were accepted by Government and a forward market has been functioning at Cochin since January, 1957.

2. In April, 1960, the Commission re-examined the question of establishing a market at Bombay. The Commission found that the importance of Bombay as a distribution centre had increased since it reported last and that the arrivals in that city had doubled in the last 4 or 5 years. The export houses in Bombay account for about 40 per cent of the total exports

[Shri Kanungo]

from India and the traders at Bombay were reported to be unable to make effective use of the Cochin market to any appreciable extent. With the emergence of the U.S.S.R. and other East European countries in recent years as important buyers of pepper, export deals were entered into in big lots and as the Cochin market had a limited absorbing capacity for such large orders, there was a need for the establishment of a second market. There was also need for broad-basing the market and strengthening its risk-taking capacity. A second market in Bombay might also tend to give a measure of strength and stability to the Cochin market by providing operators in Cochin an avenue to cover their extra risks and thus enabling them to absorb larger orders.

3. In the light of these facts, Government are inclined to accept the views of the Forward Markets Commission and to establish a market at Bombay on a trial basis for one year. No recognition has yet been granted to any association to start forward trading in pepper at Bombay.

Shri A. K. Gopalan: May I know how this will affect the producers in Kerala and also fluctuation in the price of black pepper?

Shri Kanungo: The Forward Markets Commission's recommendations are that the establishment of a market in Bombay will reduce the fluctuations in prices.

12.19 hrs.

EVACUEE INTEREST (SEPARATION) AMENDMENT BILL

Mr. Speaker: The House will now take up further consideration of the following motion moved by Shri Mehr Chand Khanna on the 20th August, 1960, namely:

> "That the Bill to amend the Evacuee Interest (Separation) Act, 1951, as passed by Rajya Sabha, be taken into consideration."

Shri Mehr Chand Khanna may now continue his speech.

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): I understand that Members are anxious to discuss the Draft of the Third Five Year Plan. In that case, I have no objection to this Bill being allowed to stand over till that discussion is over. I leave it to the House.

Shri Tangamani (Madurai): The time fixed for it is only half an hour.

Mr. Speaker: Is it the pleasure of the House that this Bill may stand over to some other time?

Hon. Members: Yes.

Mr. Speaker: Then, let us take up the next item.

12.21 hrs.

MOTION *RE*: DRAFT OUTLINE OF THIRD FIVE YEAR PLAN

Mr. Speaker: Shri Nanda may move the motion standing in his name.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Mr. Speaker Sir, May I move that motion?

I beg to move:

> "That the Third Five Year Plan—A Draft Outline laid on the Table of the House on the 1st August, 1960, be taken into consideration."

I confess that I feel as if I was carrying rather a heavy burden in moving this motion for consideration by the House. Even this Draft Outline is an outline only, but it covers a multitude of activities in India; it covers, in fact, the whole progress of the Indian nation. It is a continuation of the Second Plan, and for me to deal with this matter in a brief or even a long speech can hardly do justice to it in that sense.

Hon. Members are presumed to have read this Draft Outline. It will serve little purpose for me to go into the large number of figures which are given in the book, and which can perhaps be grasped more easily by reading it than by my saying anything about it. I shall, therefore, try to deal with some major aspects of this Plan, what I would call the strategy of the Plan, and invite the consideration of the House to those particular matters as well as others.

I may mention that although a great deal of thought has been given to it by the Planning Commission, and the Commission has consulted all manner of folk, certainly in India, and hon. Members in Parliament here too, but advisers, experts and others in this country and from outside, although all this has been done, we do not approach this question or this report with any sense of finality or with any desire to appear rigid in our approach to this problem.

There is, in some of us, so far as some of us are concerned, certainly a sense of rigidity about the ideals we aim it, because there must be some fixity; they may change—it is a different matter,—on account of the changes in the changing world. If we want India to progress, and if we want India to be prosperous, and if we want to raise the standards of India, if we want a socialist society in India, we are strong in that; there is no weakness; there is no lack of firmness in that. I do not mean to say that I want to impose that idea on hon. Members who do not like the word 'socialism'. That is for hon. Members to determine. I am talking about those on behalf of whom I am speaking. We do aim at a certain thing which can be described in many ways, but most briefly, we aim at socialism in this country. Let there be no doubt about it, because, sometimes, we are told that this word or this idea is merely for show-purposes or is put aside from time to time. But we do not aim at any rigid or doctrinaire form of socialism, and, therefore, we describe more or less the things that we are aiming at.

So far as this particular Plan is concerned, it flows from the Second Plan which came after the First. It is a projection of that. The Second Plan was roughly double the First Plan. This, again, is much bigger. Most of the objectives mentioned in this Plan will-be found to be mentioned in the Second Plan. Therefore, so far as our objectives are concerned, they have been consistently placed before this House and the public.

Very briefly, I shall read them as they are repeated in this Draft Plan. They are:—a rise in national income of over 5 per cent per annum, to achieve self-sufficiency in foodgrains, and increase agricultural production for industry and export; to expand basic industries like steel, fuel, power and machine-building; to utilise the man-power resources of the country and expand the employment opportunities; the reduction of inequalities in income and wealth and a more even distribution of economic power. All these, in somewhat different language, were mentioned in our Second Plan.

Broadly speaking, I suppose everybody, almost everybody in this House, will agree to these objectives. They may not perhaps approve of the steps to be taken, or there may be difference of opinion, but broadly speaking, I take it that excepting for a very very few in this House, hon. Members accept the principle of planning, and I do not quite see how even the backward few who do not accept it can do so in any intelligent way which can be understood by intelligent people; for, planning is the exercise of intelligence. It is the exercise of

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intelligence to deal with facts as they are, situations as they are, and intelligently trying to find a way to solve a problem. Everybody plans, and ought to plan, whether he runs a shop or an industry or a plant or a State.

I am not going to enter into this question because it is rather difficult to make people see something when they are unable to open their eyes. But it is generally accepted that in every country, practically every country, this is the only course. And in this world today, where everything is more and more governed by developments of science and technology, the idea of things happening by themselves, the *laissez-faire* theory etc. is almost considered the verge of absurdity except by a few who profit greatly under it at the cost of the many. Nobody in this House, I hope, stands for the profit of the few at the cost of the many.

Therefore, we have to think today—leave out the word 'planning'—in terms of this tremendously changing and revolutionary phase of human history controlled by science and technological developments. I do not mean to say for an instant that life consists only of science and technological developments; there are many other things too, many things which perhaps science has not dealt with yet, many things which technology cannot touch, call them what you like, spiritual, moral, or ethical, many to which we must attach the greatest importance. So I am not by any means ignoring that phase, but the fact remains that modern life is Governed by science and technology, and as science and technology advance and change, life changes, and will continue to change at a rapid pace, sometimes change for the good, sometimes for the bad. And so, we arrive at the strange state of affairs, science and technology having advanced so much in certain countries as to assure what is called an affluent society, a welfare State providing the good things of life to everybody in that State, and potentially providing the good things of life to everybody in the world, having done that on the one side, also having produced on the other side, conditions which may suddenly destroy all the good in the world.

So in such a situation, even more than in any other, we have to think in a planned and intelligent way how to achieve the results we are aiming at. Thus planning, and this Third Five Year Plan, in fact, become for us not some kind of a book to read but a picture of a vast country, a vast nation, advancing forward in certain pre-determined directions to pre-determined goals. Planning, therefore, is having an objective, not only an immediate objective for tomorrow but a more distant objective, because you cannot plan for tomorrow only; you have to plan for years and in the case of a nation, you have to plan for generations. Therefore, planning means an objective and perspective planning. Then you come nearer to plan for tomorrow and today.

In approaching this question then, we have to take into consideration what steps have to be taken first, what should be considered in the order of preference as second or as third; because a country which wants to progress, wants to progress in a hundred ways. There are so many things we want to do in India, and we want to do those things quickly and passionately. Then we come to the question of resources—and not only resources. There are steps to be taken. We cannot go to a place unless we take a number of steps. So this question of finding the proper way to reach a certain goal becomes important. If you want to build a steel plant, of course, you can buy it; you have to train the people who have got to run it, train the persons and so on. Now, experience teaches us that the affluent society of the west has come into being because of technology, because of improvement in modern techniques of production, distribution etc. etc. *plus*, of course, the technical personnel who lie behind it, who can do it. This applies to both agriculture and industry, because it should not be thought that technical process are only meant for industry and are not meant for agriculture; modern techniques are meant for agriculture also.

This means that if we have to do this in a big way, we have to change the whole atmosphere in India, whether in the field or the factory, and make it amenable to modern techniques such as are suited to India—I do not say that every modern technique is suited to India—or such as are suited to our conditions. It becomes of the greatest importance to have that atmosphere. I say this because when many people talk glibly of a steel plant or any new technique, really their minds have not got into the climate of new techniques; their minds still live in the climate of ancient usages and ancient ways of doing things. So we have to have that done; we have got to train our personnel in the fields as in other places.

Now, we shall find that this affluent society has come through this advance in technology. If that is so, it would appear essential for us to advance in technology, in order to get it. Advance in technology means a general advance in such training and education as are necessary for the purpose in a widespread way. It is not a question of putting up a plant here or there; it is a question of building up from below a nation used to thinking in terms of technical change and technical advance. It becomes a problem of mass education. Mass education is given in many ways, but I am only venturing to say from the point of view of this industrial progress etc. the mass education becomes essential. The countries which had the Industrial Revolution had *perforce* to go in for free and compulsory education, not that they liked it at all. We like it; they did not; they were forced to go in for it because they could not support that structure of industrialisation without mass education.

I am merely saying some obvious things—the House will forgive me for it—just to develop a certain argument. Therefore, we have to industrialise our country from the point of view of industry and from the point of view of agriculture, and introduce new techniques. Now, how are we to do this? We can do it, in a way, by buying the machines from abroad, buying technical experience from abroad and asking them to put up the machines and work them here. That has been the normal individual method. They buy some machines from America or Russia or Germany or somewhere else and they put them up; they buy the technical skill and work them. May be it does some little good. It is the beginning of a process, just like the railway trains which came here a hundred years ago, which was the beginning of a process, which changed the face of India. But if we want to do this rapidly, then that is not good enough. We can only do it rapidly if we can do it ourselves and we do not always have to buy from America or Russia either the skills or the machines. We have to build up the skills and we have to build up the machines here. Therefore, it becomes of primary importance if we are to industrialise that we must have the heavy industries which build machines, which industrialise.

There is an argument that we must not go in for heavy industry but for the lighter one. Of course, we have to go in for the lighter one too. But I venture to suggest that it is not possible—and I rule that out absolutely; I do not say it is less likely; I say it is not possible—to industrialise the country rapidly without concentrating on heavy industries that is to say, the basic industries which produce industrial machines which are utilised in industrial development. This must be borne in mind.

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I am free to confess, as I have perhaps confessed before, that we lost a good deal by not putting up a steel plant or trying to put up a steel plant, under the First Five Year Plan. It was a heavy thing and we did not have the courage to take that burden then; but if we had shown a little courage then, it would have been well for us in the Second Plan and now. In the Second Plan, therefore, we were forced to have three new plants, very big concerns which have been a tremendous burden for us.. We have borne it and of the three plants, one or two are completed and the other—nearing completion. There are also some other heavy plants that we have put up, more particularly the machine building plant which is gradually taking shape.

The beginning of industrialisation really can now be seen in India. A number of textile mills in Ahmedabad or Bombay or Kanpur is not industrialisation; it is playing with it. It is a good thing to have textile mills. We want textile mills; I have no objection to that. But our idea of industrialisation is limited, cribbed, confined and cabinned, by thinking of these ordinary textile mills and plants and calling it industrialisation. Industrialisation, therefore, is a thing that produces the machines, it is a thing that produces steel, it is a thing that produces power and two or three other things. That is the base. Once you get the base, it is easy to build. It is true, building such a base may be a difficult task, specially for a backward country. We have now—I will not say —finished building the base but we have put a good part of the base and therefore, we can now look forward with some confidence to a more rapid advance which could never have happened without that base, however much we might have built the smaller industries. We would always have to depend on outside without that. Indeed we have had troubles in regard to foreign exchange and we are likely to. We can never get rid of the foreign exchange troubles without heavy industry in this country. So, we have to start from the base. We cannot build a third or fourth storey. We can advance in minor sectors of our economy but if we do not build up the basic structure, it will not make any difference to the hundreds of millions of our people. Therefore, the strategy governing planning in a case like India is to be industrialisation. Without it you may improve here and there but you cannot, on the whole. So, that leads to the basic industries. From that flow other things.

Having laid great stress on industrialisation, immediately, we have to look in the direction of agriculture and find that this industrial progress canot be made without agricultural advance and progress. So, we come back. The fact of the matter is that you cannot isolate the two. They are intimately connected because agricultural progress is not possible without industry, without tools, without the new things, new methods and techniques which modern industrial technique produces and without the man to deal with these tools. We can always advance a little here and there by greater effort. The two are interallied—agricultural progress and industrial progress—and they cannot be separated. There is no question—some people say—of giving agriculture priority. There is no question of that. Neither can advance without the other. Of course there may be, internally, some priorities but it is a different matter. Everyone knows that unless we are self-sufficient in agriculture—and more—we cannot get the wherewithal to advance in industries. If we have to import food, then we are doomed, absolutely doomed, so far as progress is concerned. We cannot import both food and machinery and everything; we just cannot get on. Therefore, there is the importance of both, allied together and looked at as helping each other. There are other connected things that come up.

Inevitably, whether it is agriculture or industry, training of personnel—trained personnel—counts. In the ultimate analysis it is the trained human being that makes a nation—not all the machinery in the world. It is he who makes the machines—not the machine, the man. So, we come to widespread training—general training and of course specialised training, technical training etc. We cannot live on iron and steel. We have to produce other commodities. For this purpose, we have to encourage, in every way, the small and medium industry. I am glad to say that inspite of our concentration on basic industries, small and medium industries are spreading fast in India. It is of very considerable importance.

If that is the broad strategy, the rest becomes considering each matter in some detail. Take agriculture, for instance. There are not many differences here, I take it, as to the methods for improving agriculture. We all agree. Anybody can put them down as one, two, three, four, five, six; seven and so on. The question is of implementation or the application of these methods in a big way or getting the peasantry to accept those methods and to supply them with the wherewithal, better tools, manure fertilisers, better seeds and the like. In fact if I may say so, we may discuss these as we will no doubt and point out the difficulties and shortcomings. There may be many shortcomings. We do not put forward this as something perfect. We put forward present outcome of such thought and consultations that we have had. It is a tremendous problem—dealing with this mass of human beings in this country at a time of great revolutionary changes in the world and I doubt if anybody can presume to say that he can give the last solution to it. So, we struggle forward with all our efforts and doing our best and hoping and accepting gladly any advice that seems to us suitable.

The Plan should be looked at in this way. I accept that we may change the Plan here and there; it is possible. But in the ultimate analysis it is not that that counts very much and I think in the ultimate analysis the hon. Members here and most people outside accept broadly the strategy of the Plan and even most of the details of the Plan. They may criticise its implementation and say, for instance, that the community development scheme, very good though it is in theory, is not functioning in practice as it should or they may ask: why is not agriculture, on which we spend vast sums of money, not showing results in production as we want or why is there delay in production in our industries? All these are legitimate criticisms. But you will find that broadly speaking, the criticisms are of implementation and we have to face this. The real problem before India is one of implementation and not constantly laying down policies and talking about the subjects, talk is often good but it is implementation that is needed, Every man in India, every officer, small or big must realise that it is a question of implementation and not talking about things that has to be done.

So, it is important not merely to lay down policies but have satisfactory audits of performance. We have often measured it and in this House we have stated that Rs. 6 crores out of the Rs. 10 crores allotted had been spent and hon. Members ask: why Rs. 4 crores has not been spent? Or we may say that the whole of Rs. 10 crores had been spent. But the real thing is not the spending of Rs. 10 crores but what that has produced. That is the whole substance. It becomes an audit of performance. It is important. In doing that, it becomes necessary—for other reasons also—that responsibility should be given to the person who has got to do the job. We have been struggling for years to somehow allot the responsibility and not keep everything concentrated in the centralised way. It is still too much concentrated. It is far better to take risks and face losses and not have this centralisation because in a rapidly moving scheme, delay is

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the most fatal of all things and it is caused by references from one place to another, from below to up. We have been trying to do that and we have succeeded in some measure. But the point is that responsibility is spreading out. We should hold people who are made responsible and test them and they must be held responsible if they do not do certain things and we may punish them or if they do we may praise them. It is not good enough for us to go on in a loose way that everybody is responsible for everything, which means nobody is responsible for anything. I am laying stress on this because the future seems to me a question of implementation above everything, far less a question of policy-making although policy-making has always to be done.

There is another thing that we have to pursue. We say the record of the first two Plans, even though sometimes it is criticised, is a fairly remarkable record of achievement. It did not come up in some way, in some matters to what we wanted it to be, but it is nevertheless, a very creditable record—whether it is transport, communications, steel, fuel, power, scientific and technological research. In fact, the whole of Indian economy has arrived at a stage, at the threshold of accelerated growth and now can grow much faster if we keep it going and pushing, because in a moment of this type if we slacken at all at any place we do not merely go slowly but we lose the advantage which we have gained by our previous efforts.

Now, as you know, presumably in 1961 our population would have gone up by about 70 millions since 1951. Why has it gone up like that? Because we are a much healthier nation. The expectation of life ten years ago was 32. Today it is 42. It is a big advance in a big country like this, to raise the level of expectation of life by ten years. It has made a big difference in our population figures. And, no doubt, that difference will continue to be made as our society becomes healthier and healthier.

Again, it is said that the national income over the First and Second Plans has gone up by 42 per cent and the *per capita* income by 20 per cent. Now, a legitimate query is made, where has this gone? It is a very legitimate enquiry. To some extent, of course, you can see where it has gone. Apart from statistics, one can see where it has gone. I sometimes do address large gatherings in the villages and I can see that they are better fed, better clothed, they build brick houses and they are generally better. Nevertheless, that does not apply to everybody in India. Some people probably have hardly benefited. Some people may even be facing various difficulties. The fact remains, however, that this advance in our national income, in our *per capita* income has taken place, and I think it is desirable and I am sure it will meet with the pleasure of this House that we should enquire more deeply as to where this has gone and appoint some expert committee to enquire into how exactly this additional income that has come to the country or *per capita* has spread.

The point is, we have to avoid and prevent too much accumulation of wealth, because if after all this additional income that has come to us or the additional national income or *per capita* income that has come only, let us say, 5 per cent or 10 per cent of the population have benefited by it and 90 per cent have not, well, that is not a good way, that is not a good result. We cannot, of course, even it out. That is not possible. But it is desirable to make the benefits spread. There are several ways of spreading. You cannot make it spread evenly because human beings are not the same; a person works harder than the other. A nation works harder than the other and goes further. But I regret to say that we in India have not learnt the lesson of hard work yet. We can, but we are not mentally thinking in terms of hard work, not realising that it is only through hard work that a country progresses whether it is America or China, whether is is capitalist, communist or socialist. It is only through hard work that a country goes ahead. Here complaints are made if holidays are cut down although India has more holidays than any country in the wide world, probably. Yet complaints are made. So, the countries are not same, individuals are not the same. it depends on their intellectual capacity, their physical capacity, their desire and habit of work. Nevertheless, one has to produce opportunities for all of them to progress or to work.

Therefore, it is really the fault of the type of atmosphere one creates. And, that is another big thing about this Plan or any Plan—the atmosphere we create in a country. Now, it is our misfortune that in this country—I am not referring to anybody in Parliament for the moment—attempts are constantly made to hamper, obstruct and create a fog all round which prevents hard work being done. The attempt may be sometimes justified I am not going into that, but I am merely pointing out the fact that constantly in this country some people, of course, directly and patently oppose and obstruct this type of thing. But I am not referring to them, but rather to those who are so wrapped up in local troubles, local problems, local quarrels, where they represent some form of provincialism or linguism or all these other 'isms that come in the way—communalism and the like. They are thinging in terms of some narrow objective, which may be good in their view but which comes in the way of the larger objective.

See what is happening, this tragedy, in Assam. It is a deep tragedy. It is a tragedy in itself, but it is a deeper tragedy that such mentality should occur and such conflicts should occur in this country. See the agitation that is going on in the Punjab. It seems to me quite amazing that intelligent people should indulge in these agitations when these mighty problems are before the country.

Can we face these problems with some effort of the mind or is it merely like second-rate individuals who have no minds, who can only shout slogans? It is a big problem for us to consider. If we are to give in to this kind of slogan-raising ideas, whatever the cause behind it may be —because so far as my Government is concerned I hope it will never give into this kind of thing—I am not referring to any particular thing —then it simply shows that we are incapable of facing issues fairly and squarely.

But the House should realise how much we lose in this Plan by this constant diversion of effort, by constantly bringing issues before the country in some form or the other, which may be good or bad but which are secondary, tertiary, whatever the place may be—they are not primary issues—so that that comes in the way and it is an enormous obstruction. It would not matter very much if our Plan said something here or something different there. You may change them or not, but what does matter is the whole climate of thought and activity in the country. If the thought and activities turn to petty quarrels on a provincial basis, on a language basis, on a caste basis, on a communal basis or some other like basis, then, indeed, we cannot make great progress, because it must be realised that this Third Plan or any Plan that is worthwhile requires the most tremendous effort. If some people ask, "Why make such a big plan? Make a small plan," that is not a good enough answer, because, there are certain minimum objectives that we have to reach. There is no escape from them. As a matter of fact, there used to be some people who used to talk that this is ambitious planning and criticise it. Hardly anybody says that now. As this realisation has gradually come, that inevitably, by the compulsion of events

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and circumstances and our own needs we must plan in a relatively big way, there is no escape from it. Even the toughest and the most cautious of people in the western world have come to the conclusion that our Plan is not ambitious; it is rather on the low side.

So, though from the point of view of the advancement of India the Plan is not very big, yet, from the point of view of our resources it is big undoubtedly, and it requires a tremendous effort on our part to raise those resources and to work hard to achieve our aims. If all kinds of other conflicts come in the way, then naturally the Plan will suffer.

Now, it is proposed that almost the least that we should have is an advance in the national income, of five to six per cent per annum. It must be over five; if it goes below five, it does not catch up; and the rate of investment should be stepped up from 11 to 14 per cent. All this, as I said, requires some social development. You must not divorce industrial or agricultural improvement from the development of society as a whole, educationally and in many other ways. I repeat this again and again, because it is imagined that money-making is concerned with putting up some steel structure and calling it a Plan. It is the building up of man that it needed. It is true—and I must confess—that some people who have no social sense at all do happen to possess a very strong sense of making money and they do make money. That is true, and I am almost amazed at the kinds of activity of making some money that some individuals have. But, obviously, this House should not like moneymaking activity to be encouraged at the cost of social sense. It is not a good thing for society. Once you do that, you will have to build up the whole society.

Take, for instance, education. It is proposed in the Plan to spread out education—free and compulsory education—to all boys and girls of the age-group 6 to 11. Under our Constitution it should have been much more. It should have been done within the first ten years. Up till now we should have done it and it should have been up to 14 years. But it was an impossible proposition; we have been unable to do that although the spread of education has been vast.

Many people have criticised education here and their criticism is, I think, justified. In fact, in every country almost, there is this criticism of education today in some way or the other. Our schools are not properly equipped and our school-masters are not properly paid or trained. All these criticisms are justified, but really the effort we have made and the success that has come to it is nevertheless very big. At the present moment, there are, I believe, 45 million boys and girls in the schools and colleges in India. It is a very large figure. If at the end of the third Plan, what we intend doing comes off, we shall have 65 million or thereabouts, and if we could do what we intend to do in regard to education in India, we would have 100 million teachers and taught in India. That is about 25 per cent of the total population. See the enormity of the problem: a quarter of the total population being either teachers or the taught. It would have to come in this country sometime or the other so that this advance has to be made at a fairly rapid pace.

Then we want to spread out this advance, as far as possible, regional and otherwise. It is not easy regionally except in one way. Some things cannot be done regionally; we cannot put up a steel plant everywhere, but there are some things that can be. Many kinds of industry can be put up in almost any region and which can be spread out. But we should try to give certain minimum amenities to every village, that is, to the rural areas, of course in the shape of food, drinking water, clothing, education, health, sanitation and housing and, progressively, work. Our pattern of investment should be designed to assist the achievement of these objectives.

The question is often raised: you talk about socialism and yet you permit these grave inequalities of income; that you want to limit and put a ceiling on land and you oppose ceiling in urban or other incomes. There is that contradiction, of course. Of course, it is there. But if we try to remove that type of contradiction, we put a stop in many ways to the type of progress we are aiming at. You cannot advance in these lines, industrial lines, by the application of some methods, unless you are prepared completely to change the structure of society. That is a different matter: to change the whole basis of society completely. If you are not prepared to change that suddenly and quickly, you have to leave enough incentive for people to work. You have to give certain amenities for that type of work which may not be necessary for other types of work. You can, even by taxation and otherwise, reduce disparities: have heavy taxation and have many ways of doing it. But putting a ceiling like that may well result in a slowing down of the process of development and it is of the utmost importance that this process of development and production should not come down. After all, production comes first, before any kind of equalisation or division. There is no point in having an equal measure of poverty for all.

Take another thing, which is much talked of and discussed: the private sector and the public sector. Obviously, many persons who believe in a socialist pattern must believe in the public sector growing all the time. But it does not necessarily mean that the private sector is eliminated even at a much later stage. It does not mean that thing at all. I do not know, and I am not a prophet enough to say what will happen 20, 30 or 40 years later. But I can well imagine the private sector functioning, but naturally in limited ways. It does not seem to be necessary that every little shop should be a public sector shop. It does not seem to be necessary that every patch of land should be publicly owned or owned at all by the public. But I do not know—these things depend so much today not on abstract theories but on scientific and technological developments which govern our lives.

Many of us perhaps here in this House think in terms of theoretical advances and theoretical solutions, the fact being that we are conditioned by scientific and technological advance so much that our theories have to undergo change because of it.

13 hrs.

In regard to the private sector and the public sector, I think the criteria should be basically two. One is to have as much production as possible by all means at our disposal and the second is prevention of accumulation of wealth in individual hands and also of economic power in individual hands. If I have only the first one, it may lead subsequently to unsocial, undesirable and harmful consequences. Therefore, we must aim right from the beginning and all the time at the prevention of this accumulation of wealth and economic power. I do not mind how much the private sector spreads out. I want it to spread, subject always to prevention of monopoly. Why? Apart from other reasons, your Constitution says so. Read your Constitution. It says, so precisely that there should be no monopolies and accumulation.

All these may be laid down, but to draw lines may be sometimes difficult. One has to judge in each case, but those two broad facts must be remembered. If by any step that we take, production goes down, then we are cutting at the root of our advance and progress. If, on the other hand those private monopolies are built up,

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then we are encouraging a process which will come in our way badly which will be harmful now and later, both. Certainly, it will take us away very far from any kind of progress towards socialism.

Raja Mahendra Pratap (Mathura): I want to raise an important point of order. I want to say, use not law, but use those methods which Mahatma Gandhi and Lord Buddha used and people gave away wealth.

Mr. Speaker: There is no point of order. The hon. Member ought not to interrupt.

Shri Jawaharlal Nehru: Therefore, we must encourage production, which is one of greatest importance and encourage the social motive more and more. If anyone tells me that incentives are necessary, I agree. But there are many types of incentives, some incentives that are good to society and some that are bad to society. It may be that we cannot get rid suddenly of all the bad incentives that are today functioning. But anyhow, we should aim to get rid of them, because the acquisitive society, a society in which the main incentive is acquisitiveness at the cost of the other is already getting out of date everywhere, because social urges are coming up and I do not want to encourage acquisitiveness in India beyond a certain measure, because a certain measure of acquisitiveness perhaps many of us have to have in our lives and in our activities. But I do wish that our social policy should be such as not to encourage acquisitiveness. If you keep that in mind, you will see that many of these activities—speculative activities—are bad and poisonous from the point of view of the nation and the social development of the nation. We are wrapped up in many things and we cannot suddenly abolish many of these things. But we must always keep in view that that type of mental approach is bad.

All this depends upon resources, obviously resources domestic and resources coming from outside. Our whole object in the third Plan is to arrive at a stage when we do not depend upon outside countries for any kind of help, whether financial or mechanical, machines, etc. That is what is called, broadly speaking, the take-off stage. But at this stage, it is always inevitable to have to depend somewhat on supplies from outside, whether they are machines, financial help, loans or credits. We can, I suppose, perhaps in theory, do without them, but practically that will prolong our agony so much, make it so long and so many things may happen before we reach that stage that it is difficult to contemplate and to foresee what might take place.

Therefore, every country, situated as we are, trying to industrialise fairly rapidly, has to depend on outside help. Every country has done so. Every country in Europe or America has had to do so in the past. It is difficult for me to say what measure of outside help we can get. We are grateful for the help we have got from various countries, from the USA most of all, from the Soviet Union a good deal and from a number of other countries. They have been generous. It is not for me to complain that sometimes what loan or credit they have given us has fallen short of our expectations, because our expectations are very very vague at the present juncture and it is loans and credits that we want—not charity.

All I can say is that the prospects are fairly good and we hope to get that. But the other thing which we cannot get and which we should not get is what we have to do in our own country—our domestic resources. They are going to be a very heavy strain on us. There is no escape from it and we have to face it, whether it is heavier taxation, public loans, savings or whatever they may be. One has to face that.

In all these matters, the question of price policy comes up. It is an exceedingly difficult question and an exceedingly important question, both. The price policy is not a matter of this party or that party. In fact, in this whole Plan, our approach is not a party approach, except in so far as you might say that we are committed to a policy aiming at a socialist pattern and socialism. Otherwise, the approach we make is probably a broad approach, which covers nearly all groups in this country. In regard to the price policy also, there may be differences of opinion; there are no doubt, but they are not differences of this type, of a party type, I hope.

It goes without saying that it is of the utmost importance that prices should be under control. It is true that in a developing economy, there is bound to be inflation. In fact, some inflation is good; it is itself a sign of development. We need not be frightened by that. But if it goes beyond that measure, then it is harmful obviously. More especially, it depends on the goods in regard to the essential requirements of the masses of people. If inflation and the rise in prices go too far, it is obviously exceedingly harmful not only to them but to our whole economy. Therefore, the question comes of having a price policy which controls the prices. I am not going to speak of any assurance of having any definite price policy now. I hope that this matter is being given attention and it will no doubt, come up in this House in various ways. But price policy is not something separate from the rest. It is a part which covers the entire range; it should be a part covering the entire range of economic activity—you cannot separate it whether it is fiscal or monetary or commercial investment and all that —and it might well involve controls. We have to face it whether we like it or not. In fact, we had controls on this, that and the other; not that we did not have controls. That is, in certain essential articles, if necessary, it may involve all kinds of approaches including controls. What the articles may be, it is a different matter for us to consider.

Again, as I said, the prices going up, for instance, the prices of luxury articles going up does not make very much difference, but the prices of essential goods going up does make a difference. Therefore, the question of control in prices really applies to the essential commodities for the common man, not for the unessential commodities. So that, even if we have to take some particular measures, they will be directed rather to the chosen articles than to the many. In other words, a kind of, if I might say so, selective control may become necessary.

Shri Ranga (Tenali): For instance, the production of paper money, which is one of the essential commodities.

Shri Jawaharlal Nehru: The hon. member is presumably referring to deficit financing.

Shri Tyagi: (Dehra Dun): Paper money, according to Swatantra party, is an essential commodity.

Shri Ranga: He is producing it.

Shri Jawaharlal Nehru: It is a very necessary and excellent method provided always, as with everything else, it is kept in control.

Shri Ranga: Quite right. Why oppose them?

Shri Jawaharlal Nehru: And that is why at the present juncture of India deficit financing has to be kept in control. May be, at a somewhat later stage we may be able to stretch out a little more.

Now I should like to mention a few words about community development. As the House perhaps knows, I have attached great importance to this and often praised it, not praised its working everywhere but praised the whole conception of it. I have no doubt that in spite of all that has happened, and

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our numerous slips, the community development scheme has changed and is changing the face of rural India; I have no doubt about it, and that is more important in the final analysis than any number of factories put up for changing the conditions of life of the peasant. More particularly, recent developments in the direction of giving more power to panchayats—what is called *panchayat raj*—I feel, is going to make a revolutionary change and is making it basically. I should like this House to appreciate that, because that is a very important part of our plan, especially in regard to the rural areas and especially in regard to agricultural production. Because, ultimately it will come for the agriculturist himself has advanced to a certain stage of understanding.

Here again there is the question of co-operatives. For some odd reason the word "co-operative" rather frightens some people.

Shri M. R. Masani (Ranchi-East): Not at all.

Shri Jawaharlal Nehru: I have tried in all humility to understand it. I always try to understand the other person's point of view and, to some extent, I do succeed and sometimes people accuse me that I look at it from both points of view. That is true. So, I have tried very hard to understand the viewpoint of those people who have suddenly, or sometime back, started expressing themselves in pain and sorrow about the co-operatives. More especially, when co-operative farming was mentioned the pain became intense. Now, I have not been able to understand it in spite of every effort. As a matter of fact, that is acknowledged the world over by every intelligent man. But the vested interests are so great and the limited mental outlook is so limited that it cannot see what stands before it. Co-operation is the one and only way for agriculture in India. There is no other way. This we clearly understood. And this is not my saying every person who has studied agriculture in India says and said that for the last generation or more.

Shri M. R. Masani: Certainly not.

Shri Jawaharlal Nehru: If you talk of co-operative farming, joint farming, again every intelligent approach to it will show to you that is the right method to do it. But it may not be the right method in every case. Conditions of land, this, that and the other come in. It may not be the right method or the necessary method when each holding is a big holding. Then it is a different matter. Where each person has 100 or 200 acres of land it is not so necessary. But where, as in India, the holdings are terrifically small, we are driven to it whatever your policies or convictions might be.

But, then, it is said that this leads to something terrible, communism. If the logic of thinking of some people is governed by this kind of ghosts and hobgoblins it is difficult to reason with them. Communism has nothing to do with this. Whether communism may be good or bad, you can argue it. But to bring in this kind of thing and confuse the issue seems to me quite amusing. Here is something which, if you say that "you must not do it by compulsion", so far as I am concerned, I agree although please remerber that there are hundred and one things in a State which are done by compulsion. Taxation is compulsion; if we have controls it will be compulsion. Innumerable things are done by every State by compulsion. You are compelled to go by the left of the road and not by the right. That is the compulsion of the rules of the road. In an organised State so many rules and regulations are there which you have to follow or pay the penalty for not following them. But, so far as this matter is concerned, I do not believe in compulsion, because of certain social aspects of it, because it will not produce results because fundamentally I do not like compulsion in anything, as far as possible. But the idea of joint farming, co-operative farming is definitely a higher social form in agriculture just like the social approach in any industry or anything is better than the narrow acquisitive approach. Of course, you may say "the people are not good enough for that; therefore, we cannot do it". But try to improve the people. Anyhow, the co-operative method is quite essential for our rural areas. And, for the moment we are not laying stress on co-operative farming. That is to say, we are concentrating on service co-operatives and where people are willing we can have voluntary joint farming. We do not come in the way of people who want to do that. We encourage them. We are prepared to do that, because I do think that is the highest form of effort.

One thing I should like to say a word about is that we have been rather slow, or rather our States have been slow in land reforms. I think that has been harmful to us, to production generally. Fortunately, we are gradually ending the first phase of land reforms.

Raja Mahendra Pratap: The disparity in the time given to us and given to you is very much growing.

Shri Jawaharlal Nehru: I am sorry I did not quite catch it.

Mr. Speaker: He wants as much time for himself as is given to the hon. Prime Minister.

Shri Jawaharlal Nehru: If the hon. Raja was in my position, he would have it, not otherwise.

Anyhow, I shall not take the time of the House much more. But I should again like to repeat that the Planning Commission or the Government of India in this respect do not consider themselves as full of the ultimate wisdom. But they have given a great deal of thought to it and they have produced what they consider good for the country. They invite friendly consideration, and even unfriendly consideration provided it is intelligent because unintelligent consideration is not helpful, so that we might improve this before finalising it. But I would like to say again that we are not living in an isolated way today. We are living in a tremendously changing society—in the world, I mean. See what is happening in Africa and what is happening everywhere else. That partly governs or should govern the pace of change. We dare not slow down or slacken. I am not referring to our own internal problems of the frontier. They are there, but the world problems are such that we have to work hard and we have to see our problems in the context of this changing world.

Mr. Speaker: Motion moved:

> "That the Third Five Year Plan—A Draft Outline laid on the Table of the House on the 1st August, 1960, be taken into consideration."

There are a number of substitute motions. Whoever of the hon. Members who have given notice of them and who are here will kindly rise in their seats and say that they want to move their substitute motions. They are very long ones. Therefore subject to other details and any objections later on they will be treated as moved.

Raja Mahendra Pratap: I shall also send some substitute motion.

Mr. Speaker: No more substitute motions will be allowed. An hon. Member or an hon. Minister, whoever moves a resolution, must have all the amendments before him so that he may anticipate and explain even in his opening speech whether he is in agreement with that or not and explain away those other matters. I will take away the opportunity from the hon. Member and if he is going on I will not allow any more amendments to be moved. I will not accept any further substitute motion unless it is an

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agreed one of the whole House in which case an exception will be made.

Shri Ranga: I beg to move—

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan— A draft Outline laid on the Table of the House on the 1st August, 1960, disapproves of it because—

(a) it is unrealistic and misleading by reason of an over-estimate in the targets of production and of savings and other resources; it under-estimates the required outlay mainly by ignoring the rising costs due to inflation inherent in the Plan, and is in the result improvident;

(b) the huge uncovered gap between resources and outlay, the continued resort to deficit finance, the threat of additional taxation, will all lead to accentuation of inflation and a continuing erosion in the real income and savings of the people which will cumulatively encourage anti-social forces. This rise in prices will also lead to a higher cost economy which will make it impossible to compete in the world markets and develop exports. The Plan makes no attempt to work out a stable price and money policy;

(c) while the desirablity of encouraging equity, capital coming into the country is neglected, there is too much dependence on foreign aid, which leads to mortgaging the future of the country;

(d) the insistence on fostering collective forming under the name of joint cooperative farming to the neglect of family farming will be a disincentive to agricultural production and will retard the progress of genuine multi-purpose cooperative societies which, in the way they are planned, will be stepping stones to collectivisation. The imposition of ceilings on agricultural incomes will be both a disincentive to production and an injustice to the rural population, besides being an attack on fundamental rights and the freedom of the citizen;

(e) the greater emphasis on heavy industry to the comparative neglect of consumers' goods will inflict added hardship on the mass of the people; it will also lessen the scope for providing maximum facilities for employment so badly required;

(f) the emphasis laid on what is called the public sector results in the creation of monopolies distributed among favoured individuals at the cost of real public, free and competitive enterprise. There is an attempt based on doctrinal prejudice to tilt the scales against the development of peoples' enterprise and the economy of self-employed people in the interest of State monopolies. Savings in the peoples' sector are sought to be drained away to the State sector. This will discourage the spirit of enterprise, hard work and taking of risks by the people and retard the growth of the national product and national income. It will result in the concentration of political and economic power in a few hands and attenuate the autonomy of the States. It will also continue the process of proliferation of the bureaucracy;

(g) the conception of compulsory labour in the Plan is contrary to the Constitution and to the principles of democracy and will prepare the ground for communism;

(h) the provision of hundreds of crores of public money by way of distribution through grants-in-aid and otherwise by the Union to the States, and by the States to local organisations including panchayats, cooperatives and welfare societies will lead, in the absence of a non-partisan approach and suitable checks, to a continuance of waste and corruption through political ifluence being brought to bear on the administrative apparatus;

(i) as a result of all this, the Plan ......would reduce the real income and the standard of life of the present generation and is, therefore, against the interests of the people."(1).

Shri Harish Chandra Mathur (Pali): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August 1960, is of opinion that Plan allocation for small scale industries be raised to Rs. 400 crores."(2)

Shri Supakar (Sambalpur): I beg to move—

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August, 1960, is of opinion,—

(a) that the scope for integrating defence with planning has been ignored;

(b) that the Planners should have considered the possiblity of utilising the Ordnance factories for purposes of planning;

(c) that the peace-time role of the Military Engineering Services, Engineer Corps and EME has not been laid down;

(d) that the utility of the Educational Corps of the Army, Navy and Air Force for the expansion of adult education as well as of technological education has not been taken into consideration; and

(e) that the Planners should have examined the courses adopted by other countries for reducing costs of defence expenditure while increasing the defence potential of the nation." (3).

Shri Raghunath Singh (Varanasi): I beg to move—

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August, 1960, is of opinion that the allocation to the shipping in the Third Plan is insufficient, lacks foresight, imagination and is behind the modern trend of the world and the Plan has not envisaged how to stop 150 crores of rupees being paid yearly to foreign shipping companies in foreign exchange and has ignored the fact that in addition to that India will have to pay 80 crores of rupees as freight

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charges for the import of American wheat and rice, excluding what she is going to pay for the import of steel and cotton." (4).

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August, 1960, is of opinion that the plan be returned back to Planning Commission for redrafting, taking into consideration the fact that it does not suggest ways and means as to how to stop the drainage of foreign exchange, deficit financing, growing indebtedness and taxation and too much reliance on foreign aid and loans which are affecting the very root of the economic structure of society and country."(5).

Shri Mohamed Imam (Chitaldrug): I beg to move—

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August, 1960, is of opinion,—

(a) that the method of our economic planning must have regard to our special ecoablity of resources and the proposals contained in the Plan will only serve to aggravate our national difficulties; and

(b) that the draft outline of the plan does not make adequate provision for the development of Railways, the construction of new railway lines, development of ports and harbours and starting of heavy industries in South India."(6).

Shri B. C. Mullick (Kendrapara—Reserved—Sch. Castes): I beg to move—

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August, 1960, is of opinion,—

(a) that for the welfare of backward classes a provision of Rs. 200 crores be made in the Third Plan;

(b) that separate allocation be made under Rural Housing Schemes to grant financial assistance in the shape of loans and technical assistance to persons belonging to Scheduled Castes and Scheduled Tribes without interest who are comparatively in a better position and who want to improve their housing conditions;

(c) that provision be made in the Third Plan for developing Paradip into a major port in Orissa; and

(d) that provision be made for the construction of railway lines from Cuttack to Paradip and Talchur to Rourkela for the development of Paradip port."(7).

Shri Aurobindo Ghosal (Uluberia): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A Draft outline laid on the Table of the House on the 1st August, 1960, is of opinion,—

(a) that greater emphasis should be laid on agriculture than as indicated in the draft;

(b) that more emphasis should be laid on the food production to attain self-sufficiency within the Third Five Year Plan;

(c) that more emphasis should be laid on fostering collective farming in agriculture;

(d) that industries should be allocated on commercial basis and not on parochial or political reasons to different regions;

(e) that the rural electrification should be speeded up for the enlargement of small scale and cottage industries;

(f) that minimum wage of workers should be fixed and maintained in all sectors;

(g) that proper machinery should be set up to see that national income is distributed proportionately among all sections of people;

(h) that endeavour should be made to raise internal resources by production and export and not by taxation and foreign aid;

(i) that a High Power Commission should be set up to review the position of all Public Undertakings for more efficient and co-ordinated working on commercial basis:

(j) that the ceiling on income should be fixed:

(k) that the slums should be liquidated in all the cities and industrial towns;

(l) that more scope should be provided for extension of technical and scientific education;

(m) that the introduction of cooperative system should be made in all spheres of life;

(n) that all Banks should be nationalised;

(o) that the whole set up of C.D. & N.E.S. Blocks should be democratised;

(p) that a permanent and High Power Committee should be set up for regulating prices of both agricultural and industrial commodities;

(q) that more liberal terms should be formulated for the utilisation of house building loans;

(r) that more avenues of employment should be created for liquidating unemployment;

(s) that more amount should be allocated for geological survey in the Hilly regions of Ladakh and NEFA and Nagaland as a part of the Border Area Development Programme; and

(t) that the Plan should be implemented with the fundamental purpose of raising

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real income and thereby standard of living of the people". (8).

Shri Naushir Bharucha (East Khandesh): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August, 1960, and bearing in mind,—

(a) that the Third Five Year Plan starts with no foreign exchange reserves which can be drawn upon for financing at least in part, the foreign exchange component of Rs. 2,100 crores directly involved in the Plan;

(b) that there is not the faintest indication of any commitment by any friendly foreign countries for substantially financing the said foreign exchange component of Rs. 2,100 crores;

(c) that even if plan requirements of foreign exchange component were not taken into account, the balance of payments position will show a deficit of Rs. 500 crores in our foreign exchange resources;

(d) that an additional Rs. 600 crores will be required in foreign exchange, being estimated receipts by way of P.L. 480 commodity assistance:

(e) that the Planning Commission themselves have warned us that no prediction can be made of securing external assistance of the order of Rs. 3,200 crores of foreign exchange resources required in all to finance the Third Plan;

(f) that the scheme to finance the Plan as estimated by the Commission errs on the optimistic side in the estimate of Budgetary receipts corresponding to the external assistance, of the order of Rs. 2,200 crores, for which there is not the slightest warrant;

(g) that the level of prices, since the commencement of the Second Plan has risen by more than 20 per cent, and gives no indication of abatement;

(h) that there are no built-in anti-inflationary safeguards in the Plan which afford reasonable assurance to the public, of Government's ability to hold the price line;

(i) that during the Third Plan period heavy repayments of loans and interest, as also of deferred credits become due and payable;

(j) that also estimates of resources from additional taxation effort and surpluses from Public Undertakings, etc., have been over-estimated; and

(k) that the extent to which the deficit financing can be resorted to without jeopardising monetary stability, is next to nil;

this House recommends that the said Draft Outline of the

Third Plan, be adopted, among other, with the modifications appearing hereunder:—

(a) that the overall outlay in public sector be reduced to Rs. 4,000 crores;

(b) that the fourth Steel Plant at Bokaro be postponed for inclusion in the Fourth Plan, and the Steel production target be correspondingly reduced;

(c) that the power generation programme be reduced to 10 million kilowatts, without reducing the programme for development of nuclear power;

(d) that the target of irrigation be restricted to 80 million acres, with greater emphasis on small irrigation projects capable of yielding quick returns;

(e) that the programme of co-operative development be reduced to correspond to the reduction in the over-all outlay;

(f) that targets of production in respect of aluminium, cement, cycles, automobiles, road-transport vehicles etc., be reduced to correspond with the reduced overall outlay;

(g) that the fantastically extravagant and irresponsible purchases made abroad under the guise of defence requirements be slashed by 75 per cent;

(h) that the scheme of financing the plan appearing on page 47 of the draft Outline be reduced and adopted as follows,—

(i) surplus of Public Enterprises on existing basis. Rs. 200 crores.

(ii) provident fund, betterment levies, Steel Equalisation Fund etc. Rs. 350 crores.

(iii) additional taxation including measures to increase the surpluses of public Undertakings. Rs. 1,200 crores.

(iv) budgetary receipts corresponding to external assistance. Rs. 1,000 crores.

(i) that with a view to mobilising further internal resources, private capital be invited to participate in Public Sector projects, subject to overall control vesting in the Government;

(j) that there shall be no deficit financing during the currency of the Third Plan, either directly or indirectly through Treasury Bills, subsequently being converted into loans of long term maturity; and

(k) that other necessary adjustments of the above basis be made." (9).

Shri P. K. Deo (Kalahandi): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August, 1960 regrets,—

(a) that no mention has been made in the objectives of the Plan to have a firm and well-formulated policy that will hold the price line of

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food and other essential commodities of life;

(b) that no mention has been made to assure an economic living condition to the poorest man of the country and to guarantee a certain minimum wage to all workers;

(c) that provision is wrongly made to raise resources of the plan by additional taxation when there is no scope for this, as the so-called rise in the standard of living of the people does not commensurate with the rise of prices;

(d) that a wrong attempt is being made to resort to deficit financing to a tune of Rs. 550 crores which will ultimately contribute to further rise in the price level;

(e) that the plan does not give a clear picture of the relative rates of development in different States of the country and does not suggest the setting up of an evaluation machinery to study the various indicators in this regard;

(f) that no concrete steps are envisaged in the plan to dispel the regional disparity which exists in this country in such an appalling measure and to diversify the benefits of the plan to underdeveloped areas;

(g) that the provision of matching grants meant for the various States to qualify for Central assistance is unrealistic, unscientific, fallacious and against the concept of a socialist society, whose objective is 'from everybody according to ability and to everybody according to needs';

(h) that no concrete steps have been suggested to put a stop to all wasteful expenditure in the execution of the plan;

and urges upon the Government to endorse the 168 crores plan of the State of Orissa as submitted by the State Government to the Planning Commission." (10).

Shri Braj Raj Singh (Ferozabad): May I be permitted to move my substitute motion?

Mr. Speaker: I will allow him only with this remark that the hon. Member tabled it after the expiry of the time.

Shri Braj Raj Singh: I tabled it at 3·45 p.m.

Mr. Speaker: It is all the same. I will allow him. A number of other substitute motions have been allowed to be moved. I will waive the notice and take it as moved. I will have copies of his substitute motion circulated.

Then, Shri Sugandhi has also tabled a substitute motion today at 11·30. I will treat that also as moved.

Shri Braj Raj Singh: I beg to move:

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August, 1960, regrets,—

(a) that small scale and cottage industries have not been given their due place in the Plan. Outlay on small scale and cottage industries be raised to Rs. 500 crores in the Plan:

(b) that no solution of the unemployment problem has been hinted in the Plan. Plan should be so amended that unemployment problem is satisfactorily solved;

(c) that reclamation of cultivable waste lands has not been planned on a mass scale so as to reclaim all the cultivable waste lands available in the country and thus help solve the food and unemployment problem;

(d) that small and medium irrigation has not been given its due place in the plan. It should be so arranged that during the plan period irrigated land area shall be doubled;

(e) that no concrete and definite steps have been suggested to hold the price line;

(f) that no concrete and definite steps have been suggested to reduce the vast disparities in incomes of different classes and individuals. Steps should be suggested in the plan by which no individual will have a monthly income which is less than Rs. 100 and more than Rs. 1,000;

(g) that there is a hint in the plan that land revenue may be doubled during the plan period. For the raising of production of foodgrains, it is essential that land revenue be abolished from the profitless agriculture;

(h) that definite and concrete steps have not been suggested in the plan so as to effect economies in the public sector projects and administration in general so as to save the required money which is proposed to be raised by additional taxation. The plan should be so modified that monies to be raised from additional taxation could be had by effecting economies in expenditure. No additional taxation should be resorted to during the plan period, which will affect the poorer and the middle classes;

(i) that no indication in the plan that foreign capital invested in the country which had reaped more profits than the capital invested would be nationalised and that major industries like Textile, Jute, Banking, Cement and the like shall also be nationalised. Steps should be taken to raise the resources from implementation of the plan by nationalising the aforesaid capital and industries; and

(j) that Co-operative Sector has not been given its due place in the plan." (12).

Shri Sugandhi (Bijapur North): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August 1960, is of the opinion that the Plan be returned back for redrafting taking into consideration needy areas, the regional disparities and the

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famine stricken areas of the Northern Karnatak districts of Mysore State and to provide for the following:—

(a) irrigational schemes of upper Krishna Malaprabha and from Koyana reservoir;

(b) inclusion of power projects of Kalinadi Aghanashni and Gangawati;

(c) for industrial schemes to meet the employment problems of educated, skilled and non-skilled population of the above areas;

(d) for a new rail link from Miraj to Madi to connect the northern districts of Belgaum, Bijapur, Gulbarga and Raichur;

(e) development of Karwar Port and a rail link between Hubli and Karwar; and

(f) improvement of communication by converting Hubli-Sholapur road, Ratnagiri-Bijapur-Mushlipatam road into national highways and constructing all weather crossings across Krishna, Don, Malaprabha and Bhima rivers of the northern districts of Mysore." (13).

Mr. Speaker: So far as time for speehes is concerned, I will allow 20 to 30 minutes for the representatives of the leading groups. So far as other groups of smaller numbers are concerned, I shall try to give an opportunity to every group to place its views upon this but they cannot claim as much time as the others.

Shri Mohammed Imam: I submit that the time taken by the hon. Prime Minister must be excluded from it.

Shri C. D. Pande (Naini Tal): Time may be extended.

Mr. Speaker: I will exclude the time taken by the hon. Prime Minister if the motion is also to be excluded. There cannot be any meaning in this. We have fixed some time for the entire motion. He is also a Member. Without his motion, what are these substitute motions about?

Shri Rajendra Singh (Chapra): May I submit . . .

Mr. Speaker: I am not going to accept any more submissions. These matters are considered properly in the Business Advisory Committee to which a number of hon. Members who are not members have been invited. There no use in making random statements.

Shri Rajendra Singh: May I suggest that the speech of the hon. Prime Minister be circulated to us by the evening?

Mr. Speaker: No, I am not going to do it. The hon. Member must have heard with attention whatever he has said. Shri Gopalan.

Shri A. K. Gopalan (Kasergod): Mr. Speaker, Sir, we are now discusing the draft of the Third Five Year Plan. While discussing the Third Five Year Plan it is very important that we should evaluate the achievements of the Second Five Year Plan and see as to what the failures are and, if there are failures, how those failures came to be.

As the hon. Prime Minister has already explained, the basic objectives of the Second Plan are a sizable increase in national income, rapid industrialisation, large expansion of employment and reduction in inequalities of income and wealth. The Second Five Year Plan in concrete terms has defined these objectives as follows. In the national income the increase targetted is 25 per cent. and in the *per capita* income it is 18 per cent. But as far as the actual achievement is concerned, it is short of the target. As it has been explained here, national income will not rise more than 18 per cent. and the *per capita* income will be just 7 to 8 per cent. against the target of 18 per cent.

As far as employment is concerned, the Second Plan promised eight million new jobs but the achievement is now expected to be only 6·5 million jobs only. As far as the disparities in income are concerned, the hon. Prime Minister has already explained that there is increase in the national income as also increase in the *per capita* income. But about the distribution of this national income there is no data at all. Therefore whether there is actually increase or decrease in disparity can be seen only in actual practice. About the wages of the lower middle class and the working class we can certainly say that the disparity has only increased and not decreased when it is compared with prices. It has been seen that the disparity has not decreased but has increased. We have also seen when we were discussing the Central Government employees' strike that from 1947 to 1960, as far as real wages are concerned, the wages have not increased though there had been a slight increment in money. Even as far as industrialisation is concerned, except in the case of the private sector, the targets remain mainly un-realised. Take, for example steel. The target is 4·3 million tons. The likely achievement is only 2·6 million tons. So also,

	Target	Likely achievement
Coal	60 million tons	3 millon tons
Aluminium	25,000 tons	1,7000 tons
Cement	13 millon tons	8.8 millon tons
Fertilisers (nitrogen)	1·5 millon tons	210.000 tons

As far as agricultural production is concerned, which is the most important thing as has been explained here, during the second Plan, the target was an increase of 15 million tons. The actual increase has been 10 million tons. From 65 million tons, it has gone to 75 million tons. This is the case in the other items of production also.

In the matter of finances, the target was Rs. 4800 crores. We have spent Rs. 4600 crores. That means that we have spent 95 per cent. In physical production, we are likely to achieve not more than 60 to 65 per cent. of the targets. That is the reason why we say that the Second Plan is a failure in terms of its social and economic aims and objectives. It does not mean that there was no increase in production. But, it has not fulfilled what was expected of it, as far as aims and objectives are concerned. So, it is very necessary now to consider what are the reasons for this, so that, in the Third Plan, whatever the targets may be, we may be able to fulfil the targets and if possible overfulfil the targets. Now, when the draft of the Third Plan is before us, it is important to see what are the policies that stood in the way of the fulfilment of the objects of the Second Plan, what was wrong in the implementation and what are the things that we must do to improve them.

The Prime Minister has just now said that the most important thing is implementation. I also agree. I have also to point out that it is not only a question of implementation, but it is also a question of policy. The Prime Minister only just mentioned about land reforms. He has not said what they are. I will be able to explain what they are. The aims and objectives of the Plan as regards land reforms and other sectors are good. The policy as formulated in the Plan is good. Whatever the aims and objectives are, in the implementation, the whole policy and aims and objectives have not only been achived, but in some cases, they have gone reverse. The most important thing now is to take stock of the situation of the Second Plan and see what are the failures.

I am sorry to say that the Third Plan gloats over the failures. It is silent on the most important thing,

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namely, the reasons which led to these failures. We are trying to work out another Plan in the dark. The Third Plan continues to have the same defects as there were in the Second Plan. We are only continuing them. We should at least now, when we are drafting the Third Plan, examine why in industrial production and agricultural production which is the most important, there were failures, and find out what is the main or basic reason why we were not able to achieve the targets. My opinion is that there is contradiction between the aims and objectives of the Plan and the policies and programmes and methods that are adopted in implementing that Plan. I will deal with some of these facts.

First is, reorganisation of agriculture and achievement of self-sufficiency in food and raw materials. I think, in the Second Plan we have under-estimated the importance of developing the agricultural sector. Because, so far as industrialisation also is concerned, it is only if the purchasing power of the majority of the people, from 75 to 80 per cent. who live on land, is increased, industrialisation can develop. Then only, they will have the money to purchase whatever is produced. In an economy like ours, more than half of the increase in national income is from the agricultural sector. Seventy per cent. of the people have their livelihood from agriculture. Also, only if we develop agriculture, we would be able to produce more commercial crops which we could send out to foreign countries and solve the foreign exchange problem. As I have said before, agriculture has not been given the importance that should have been given. It is only on the basis of this that other sectors could develop. Agriculture, instead being the kingpin, has remained a dead weight and hence the Plan could not move fast. Food imports since the First Plan have been 11·98 million tons, worth Rs. 593·45 crores. In the Second Plan, up to 1959, the imports were 11·93 million tons, worth Rs. 480·45 crores. In addition to this, in 1960, we have entered into a big agreement under P.L. 480. Since 1951 up to 1959, the imports have been 23·9 million tons, worth Rs. 1073·90 crores. In addition, we have to import large quantities of cotton, copra, jute, etc. Why is it that we have to import these things? Because, agriculture could not be developed. If we could develop agriculture, we need not only not import these things, but also, we would be able to sell these things outside. We had not been able to do that. Our agriculture, instead of yielding the surpluses necessary for economic development, has remained a deficit economy. That is the main reason, that is the main bottleneck in our economic development according to us.

In the Second Plan, the performance in the agricultural sector had been disappointing. If we look at the figures, from 1955-56 to 1960-61, under foodgrains and cotton, the shortfall is very serious, compared with the targets. I will say that in this sector there is continued semi-stagnation. This is at the root of several of our major problems. By semi-stagnation, I do not mean that there was no increase in production. I mean that whatever the targets are, not only we had not been able to achieve the targets, but we have been far behind. That is the reason why we had not been able to move fast in this sector.

What are the results today? The results are constant pressure on the cost of living, large balance of payment deficit, also inability to make fuller use of the under-employed and unemployed manpower and severely limited market for India's industries, particularly, small-scale industries. Agriculture, at present, is a major drag on the idustrialisation of the country and improvement of the living standards of the people. How can we improve and unleash the vital potentialities of the working peasantry? Enact drastic land reform legislation and see that it is implemented. There can be only two kinds of development in agriculture. The first kind is transformation of the technical and social base of agriculture from below. The second is transformation from the top of the large estates into modern large capitalist farms with gradual elimination of th working peasantry. We are developing in the second form and not in the first form.

What are the main fetters on the development of productive forces in agriculture? The main thing is the concentration of land in the hands of a smaller minority and also the denial of land to the majority of the tillers. If we restrict the lands in the hands of the rich landlords and provide the surplus land to the poor and landless peasants, provide them with capital and knowledge of scientific methods of cultivation, we will be able to make efficient use of the land and labour. The approach must be on the basis of a prosperous owner-cultivator.

Proposals in regard to land reforms in the Second Plan have been carried over to the Third Plan, but they have practically failed. Land reform is the most barren chapter in the draft Third Plan, and it provides only a technical solution. Instead of loosening the fetters on inappropriate production relations, the draft wants to overcome this difficulty by calling for expansion of irrigation and more output of fertiliser. These two are, no doubt, very important, but you cannot bypass the most important question of breaking up the land monopoly. Without changing the pattern of land holding, even if there is increase in agricultural production, it will only mean intensified exploitation and improvement of a large section of agricultural labourers and poor peasants.

Agricultural labourers with no or insignificant land constitute 30·4 per cent. of our rural population; 80 per cent. of them are casual labourers and get employment for only 189 days in the year. Among the land owners also, according to the sample survey, 53 per cent. possess less than five acres. So, a vast section of the agricultural labour force and poor peasants is either unemployed or underemployed. To give this vast section some employment and increase its standard of living must be the main purpose of our agricultural policy.

There are two aspects of land reform—tenancy reform and ceiling on land. Let the hon. Minister examine how far the various legislations enacted by the States in regard to these two aspects have been implemented and where.

It has been stated that after fixing ceilings there is no hope of getting more land for distribution. Why? It is not because there is no land available, but because there are so many gaps and loopholes in our legislation.

13.43 hrs.

[SHRI JAGANATHA RAO *in the Chair*]

Exemptions are given to what are known as well-managed farms, orchards, plantations etc., as also partition and transfer. There was a news item in the *Hindu* four months back that when the Bill was introduced in the Madras Assembly, two landlords in Tanjore bought stamps worth Rs. 1 lakh and Rs. 90,000 respectively, for purposes of transfer etc. With these loopholes, naturally there will be no land available for distribution.

In the matter of tenancy laws, I want the Minister to see if even today there are no evictions in the various States. Only four months back, in Alwar, Rajasthan, tenants who had been occupying land for 50 to 60 years were served with notice and evicted. There are many reasons for this, one of them being so-called personal cultivation.

The Report on Social Effects of Jagirdari Abolition and Land Reforms in Hyderabad (1958) by Dr. A. M. Khusro, gives the information that out

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of the originally created protected tenants in 1951, only 45 per cent. remained at the time of enquiry in 1955. Out of every 100 tenants evicted, 51 were evicted illegally and 43 had surrendered their lands. A similar scale of evictions was reported by the Poona School in their Report on the Working of the Bombay Tenancy Act, 1948, and two-thirds of the "voluntary surrenders" were reported to have resulted from threats.

The Communist Government in Kerala, within the four corners of the Constitution, and in the spirit of the aims and objectives of the Planning Commission, passed three pieces of legislation to protect the interests of the tenant, to see that they were not evicted and to secure as much land as possible for distribution after fixing ceilings. There was also a Bill of debt relief to tenants. They were not given assent to. From an answer to a quetsion as also from the newspapers I understand that the President has returned them with certain modifications, as a result of which thousands of acres of land will escape ceiling. One modification suggests recognition of voluntary transfers made by the big landlords and allowing the transferees to retain the trasferred land up to the ceiling limit. This defeats the very purpose of ceiling. There are so many other exemptions also. One disastrous result of the recommendations will be that lakhs and lakhs of *kudikadappukarans*, people living with houses near the plantations etc., will be affected. I do not go into it in detail. But these are pointers to show that if this is going to be the policy of the Government in regard to ceiling on land, security of tenure, stopping of evictions etc., we can never achieve increased agricultural production. Legislation in the agricultural sector must be such as to release the energy and initiative of the 70 to 80 per cent. of poor peasants and agricultural labourers. They should be given land, we should see that they are not evicted; we should also provide them with good manure, fertiliser, water etc. Only then can we improve agricultural production.

There is the question of waste land. I have been raising this question several times during the last so many years. According to the Planning Commission itself, nearly 32·5 per cent. of the cultivable area in the country is either cultivable waste land, or current fallow or fallow; nearly 46 crores acres come under this category. Even if these figures are not correct, they may be just a little less. When the question of waste lands was being discussed, we were told that Government were going to have a survey of the waste lands. Already, two Plans are about to be over, and now, we are discussing the Draft of the Third Plan, and yet we are told that the survey is going to be undertaken. If the landlords and others know that there is going to be a survey, then there will be no more waste lands; all the waste lands will be taken away, as has happened in some of the States today.

When the agricultural sector is the most important sector in our country, and when nearly 70 to 80 per cent. of our people who are able to work on land are landless today, why is it that these waste lands, either cultivable waste, or current fallow or fallow, are not distributed? Some of them may be useful for food production, while some others may be useful for commercial crops. If these lands are brought into cultivation, then, the national income will increase thereby, and we shall also be in a position to solve our foreign exchange difficulties in some measure.

I feel, therefore, that certain drastic changes have to be made regarding the policy of land reforms, ceiling on lands, and tenancy reforms. In this connection, we must also see what has been the result of the legislations passed in the different States, how many evictions were carried out before the legislation, and how many are being carried out after the legislation, and whether the imposition of ceilings on land has really given enough surplus lands for distribution. As far as the West Bengal Government are concerned, they have stated that before the imposition of ceilings on land, they had expected so much of land, but now, we find that the actual land that has been distributed is very little. So, unless these facts are collected, and unless we understand the basic gaps and loopholes in the legislations regarding tenancy reforms and land reforms, we shall not be able to achieve the object, and unless we achieve the object, we shall not be able to go forward from the semi-stagnant position in which we are so far as the agricultural sector is concerned.

Now, I come to another point, namely heavy reliance on foreign aid and foreign capital. The question of foreign capital and foreign aid is not merely a theoretical question, but it is a practical question of the present and the future. Sir, we are not against foreign aid and foreign capital under all circumstances. Our only point is that heavy reliance on foreign aid would make the Third Plan, as it did the Second Plan also, highly vulnerable to undesirable influences, both political as well as economic, and will certainly defect the basic aims of economic development and also our national interest.

From the beginning of the Third Five Year Plan, according to the figures available, we shall have to pay about Rs. 120 to 150 crores by way of interest annually on the foreign loans that we have taken. So, our request is that it is necessary to abandon this policy of heavy reliance on foreign aid and foreign capital.

There is also the question of increasing the export trade. That is also very important in this context. What is the direction of our foreign trade today? We cannot achieve greater export surpluses, unless we abandon the present policy in regard to export trade. There must be a diversification of the trade towards the socialist economies. It is plain that the scope for increasing our trade with the West is limited.

Coming to internal resources, I would not go into details about it, but I would merely point out that the policy of heavy taxation on the necessities of the people, as the Prime Minister has said today, for economic development, while the big business goes with just a fleabite, is highly objectionable. That was the policy that was followed during the Second Plan period. From the figures available in regard to the yield from direct and indirect taxation, we find that the same policy is not only going to be followed but it is going to be a little more intensified during the Third Plan. The yield from direct taxes like income-tax, corporation tax, wealth tax, gift tax etc. should be increased. Government should also introduce the capital gains tax as early as possible. Professor Kaldor said that the gift tax would yield annually Rs. 30 crores, but our budget estimate today is only Rs. 80 lakhs. Capital gains tax was to yield about Rs. 25 to 40 crores, but we have not levied it at all. Wealth tax was to yield between Rs. 18 to 25 crores, but our budget etimate shows only Rs. 7 crores.

Thus, we find that the richer sections in the country have got off with relatively small burdens, while the ordinary man is saddled with the entire burden of development, with a view to finding internal resources.

The question of holding the price-line is also very important. The Prime Minister has also conceded that this should be done. But what steps are Government taking to bring about a reduction in prices? The prices have increased by about 30 per cent. Unless the policy of State trading that had been accepted by Government is very strictly implemented, and unless drastic action is taken against the blackmarketeers and profiteers, we shall not be able to

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solve the question of prices, and like the Second Plan, the Third Plan also will run into difficulties, and we shall not be able to achieve the targets that we have laid down. From the point of view of the common man, it is very necessary that Government should have a machinery by which they will be able to arrest the increase in the prices and also stabilise them. If this is not done, then, whatever our targets may be, and whatever our desire may be, we shall not be able to realise them.

The balanced development of different parts of the country also assumes an important role from the point of view of the unity of India. The Prime Minister has also stressed this point today. Some specific policies have been enunciated in the Draft Outline of the Third Plan in this behalf. Firstly, the location of an industry is not to be determined entirely by the availability of raw material resources. Balanced development of different parts of the country and the States by extending the benefits of development to the more backward regions should also be a part of this policy. The special needs of the backward areas, especially, in regard to irrigation, power as well as agriculture must be looked into, and it is the duty of the planners to see that they are helped more. Fourthly, this policy should be kept in view while considering the location of a project in the public sector and also while administering the licensing policy in regard to new industrial units in the private sector.

This policy has all along been neglected. In our country, there are certain areas and certain States which are very backward. I cannot say much about the other States, but I can say about Kerala; all parties in Kerala are agreed that Kerala is industrially backward. During the Second Five Year Plan, the help given by the Centre to the States was of the order of Rs. 765 crores, but Kerala got only Rs. 75 lakhs. So, you can see how this policy is being implemented in actual practice.

If this policy is not implemented, certainly, it may endanger the unity of India; one State may be backward, and one region may be backward as compared with another, and this will result in ill-feelings between one region and another, as also between one State and another, and the backward areas will certainly feel that they are neglected, and they will not be interested in the successful execution of the Plan.

In regard to the industrial development of Kerala, I would say that even the question of raw material need not arise. Nearly 90 per cent of the total rubber produced is produced in Kerala. But as far as industry is concerned, it is somewhere else. It is not that there is no raw material. The raw material is there. But the industry is not there.

14 hrs.

Then why not develop the fishing industry in such a way that we will get not only increased foreign exchange but also solve the food problem to a certain extent? The Food Minister said the other day that he had got Rs. 6 crores worth of foreign exchange by the export of prawns to other countries. I ask, why do not the Government give help, more money, to develop the fishing industry so that it may help not only in the solution of the food problem to a certain extent but may also earn foreign exchange? But that is not being done.

I do not want to go into this question. I want only to say that as far as the policy of seeing that the backward regions and backward areas are brought forward are concerned, it has been completely ignored. If States like Kerala and other States which are backward are not helped to go forward, the unity of the whole of India will be disturbed.

Mr. Chairman: The hon. Member's time is up.

Shri A. K. Gopalan: I have got certain suggestions here. I have a list of them which I cannot deal with for want of time. I would request that this list may be passed on to the proper quarters for consideration.

Dr. Ram Subhag Singh (Sasaram): I am glad that this Third Five Year Plan (Draft) has been presented to the House in time. I fully endorse the aims and objectives of the Plan. Today the Prime Minister referred to the socialist pattern of society. I quite appreciate it. I want that socialism should be introduced in the country as early as possible. But we should also understand what is meant by socialism because it is no good to speak only of socialism without clearly defining its principles.

In a socialist society, if anybody goes unemployed, it is not socialism. So I think we should evolve a socialist society wherein every citizen of the country gets work, if he wants to work, and gets remuneration for the work he has put in. But what is the position today? Today the position, after implementation of two five year plans is that about 8 million of our young men are going unemployed in the streets of different cities of the country. (*An Hon. Member*: Shame.). Of course, it is a matter of shame if in a State which claims to be socialist 8 million of its people are going unemployed and their talents and energies wasted like anything.

So the prime aim of the Third Five Year Plan should be to guarantee work to each and every citizen of the country. During the course of the Plan, there might be 15 million persons who will be requiring work. Why is it happening like this? It is, in my opinion, because the Plan is not being implemented properly. It is not being implemented properly because the administration is not quite competent to implement it. I say so because I read yesterday the statement of a Chief Minister, for whom I have the highest regard, that in Assam there is a move to oust the Bengalis. Today the Prime Minister was good enough to make a mention of this matter. Whatever may be, I do not want to go into the details of this matter, but had the people of Assam and West Bengal been fully engaged in planning work, they would not have had the time to indulge in such nefarious activities. If people anywhere, in any State in India, want to oust any Indian, it is a national shame. Therefore, our policy should be to see that if there is even one man who is alone in our 400 million population, he should be given adequate guarantee wherever he may live. I also consider it a wrong policy under which in certain parts of our country people from other areas are not allowed to go and work. There should not be any territory, even hill or forest, where any citizen of India is debarred from settling or working. I quite see the sense of the argument that the people who are anywhere in our interior or hills or jungles should be given full opportunity; if the hilly population is small, the Government should straightway give employment to them—if they are 4 lakhs or 4 millions or whatever it may be. If you have jobs for 15 million of our people, you should give preference to hilly people in employing, but do not debar others from settling in any place.

What is happening on our northern border? People from China are coming and settling there. They have sent their colonisation corps. I do not want that you should also send your colonisation corps there. But if you are not in a position to prevent the entry of others into our country, I say it is due to lack of planning, because had there been proper planning on our frontiers and had those areas been fully developed, the Chinese would not have dared to enter our territory and develop their strength not only economically but

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militarily also. This is another hurdle.

Many people have been talking of agricultural plans and improvement of agriculture. What is the difficulty with our agriculture? One of my very esteemed friends here, Raneji, made a suggestion about pesticides. Today the Prime Minister was talking about resources, how to find them and where to find them. In that connection, he also made a mention of taxes, loans etc. I think Shri Rane's suggestion is quite partinent. Everybody knows—even the Government know—that about 20 or 30 per cent of Government store is eaten up by pest. So I think Government must introduce good methods of preventing loss by pest in our agriculture, because if our national income is put at Rs. 12,000 crores, our agricultural income comes to about Rs. 6,000 crores and if we lose 30 per cent of our crops due to pest, we are losing an income of about Rs. 2,000 crores. We can easily increase our resources to the extent of Rs. 2,000 crores or even Rs. 3,000 crores, adding the cost of ploughing and other agricultural operations. This is a huge waste.

Everybody in the House asks questions regarding gold smuggling, the big people are being left as they are and so on and so forth. The Prime Minister also referred to the question of ceiling. Shri A. K. Gopalan also alluded to it. But on the question of putting a ceiling on urban income, there was no clear hint of what would be the policy. I want a ceiling to be put straightway on rural income. I stand for that. I do not want that anybody should delay that matter even for a moment. But why are Government introducing this discrimination? As I pointed out, due to our discrimination in implementing the Plan in different States, in different regions, we have invited trouble, and due to this discrimination, we will invite further trouble.

Therefore, I want that if Government have any idea—I invite new ideas—of introducing it, let them introduce it on a uniform basis. All our social legislation—they are good and I accept them—are meant only for the weaker section of the society. Whenever the question of the big and strong people comes, the Government fall flat. I want that this should be introduced everywhere. When I referred to a socialist State and said that everybody should be paid according to the work he puts in, I meant that for everybody, even for the highest. Officials or Ministers or anybody, for the matter of that, from top down the line, should be given remuneration according to the work that they put in in the fields or factory or office. If we tap our gold reserves, it will give us an investment capacity of about 5,000—6,000 crores of rupees. By introducing pesticides and introducing the scheme about the gold reserves we can easily find out about Rs. 8,000 crores.

Agriculture, just like the industry, depends mostly on power and water and the hon. Minister can give us more information about these than I. What is happening in the field of irrigation? I do not want to give any data because on so many occasions, this matter has been mentioned. Even the capacity of the DVC has gone down. After having spent crores of rupees, the experts have now suggested that the irrigation capacity of this project should be cut down by 2|3rds or 66 per cent of the Rabi crop. Despite the fact that it can irrigate 11 lakh acres, it is still irrigating only about 5 lakh acres. Why is it so? It is because of the fact that the Government are not in a position to utilise properly their irrigation resources.

Acharya Kripalani (Sitamarhi): Do you expect anything better?

Dr. Ram Subhag Singh: I want that the Government should do better because people cannot tolerate that their energy and investment are wasted and if you think, Dada, that it cannot be made better, I am not having that pessimistic attitude. I think that the people of India are capable of making that change anywhere and they will succeed in making sufficient change if their resources are not properly utilised.

Acharya Kripalani: Hope so.

Dr. Ram Subhag Singh: Here is a paper—Government paper. While mentioning about the community development, the Prime Minister mentioned about the revolutionary changes that are being effected. I do concede that revolutionary changes might have been made in certain community development blocks. I recently visited some of those blocks. One block—multi-purpose block—was opened four years ago. I am mentioning this because of the mention of the implementation aspect. A provision of Rs. 27 lakhs had been made and the Block Officer gave me this data. He has written this under his own signature:

> इस मद में तीस लाख रुपया आवंटित है किन्तु अभी तक लगभग २००० रुपया खर्च हुआ है। स्पष्ट है कि इस दशा में भी त प्र तपाित नहीं हो सकती है।

I do not know whether this is a revolutionary progress or not and I leave it to the hon. Minister to judge and to effect improvement in his machinery.

I do not want to criticise anybody.

Shri Braj Raj Singh: You will have to.

Dr Ram Subhag Singh: If necessary, I will do it more bitterly than you. I receive so many letters from the villagers. One Shri Guddi Singh of Radhakhand in Bhagawanpur of Shahabad district has written a letter to me. If this is the general practice, I think you should take some action and I sent it to the Minister. I do not want to criticise the Minister because he is very active and he immediately replied. Shri Guddi Singh has written to me as follows:

> निवेदन है कि मैंने ...
>
> मैं सारा नहीं पढ़ना चाहता हूं, इस वास्ते केवल दो लाइनें ही पढ़ देता हूं। क्योंकि समय कम है।
>
> 'ओवरसीयर ने [illegible]० रुपया घूस मांगे और नहीं देने पर सिर्फ ३४० रुपये का बिल बनाया, जो गलत है।"

I can mention here the reply to point out the nature of the reply:

> "This is with reference to your letter of 16th August, 1960 with which you have enclosed a letter from Shri Guddi Singh of District Shahabad, Bihar. We are writing to the State Government to take necessary action in the matter."

I hope they will take the necessary action!

> "May I assure you that an enduring answer to the recurring problems to which your people are being subject can only emerge with the inauguration of the Panchayati Raj System. I do not know how I can help bring this about in Bihar. The alleged misbehaviour of some of our officers meantime to which you draw my attention from time to time is a matter of distress to me."

You have provision everywhere. You have appointed officers everywhere. There are adequate number of Ministers, Deputy Ministers and others—District Magistrates and so on—who are constantly touring. Therefore, I want that whenever any such matter is brought to the notice of any authority it should be their first endeavour to look into the fact and redress the grievance of the people. So far they have not been doing so and therefore, the grievances are multiplying so rapidly that the progress made by the Plan is nullified. The Prime Minister says that where the 42 per cent of the increase in national income has gone

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and he suggested some sort of an enquiry. If the Prime Minister wants to root out all these things, he should take action when a peasant or a labourer writes these things even on a post-card and he should direct the authorities to take action. It is not being done.

During the Second Plan we increased our food production in some years but the overall production is still short of 5 million tons of the target of about 80 million tons. The production is still only about 73 or 75 million tons. Sindri production has also gone down by about 45,000 tons—from 3,30,122 tons in 1958-59 to 2,85,248 tons. The reason for this fall was the non-availability of coal. But on the other hand, they say that coal production has gone up. These things are ununderstandable. The Prime Minister also spoke about better seeds. I have seen not dozens but hundreds of seed multiplication farms in different parts of the country and the best lands were acquired by the Government officers for opening these farms. But they are not run on proper lines. If they are really sincere in supplying seeds to the people, they should, at least by now, have succeeded in carrying on cultivation in those 3-4 thousand seed farms by this time. This has not happened.

Last year a committee of the Ford Foundation was set up and it has suggested what is called a 'package programme' which has become now the model of our agricultural programme. According to this programme, they should have opened seven pilot projects in seven districts, one in each State. Only in one district this has been opened so far. The idea was to introduce it in such districts where irrigation facilities were available. Those districts were chosen on that basis. Now they say that they will introduce it during the rabi season. I do not know why this has happened. They have also appointed officers etc. for this purpose. If they are now going to put off this programme, they are going to retard our agricultural production. It is due to such actions that our agricultural programme suffers.

Our target now is to increase our agricultural production to about 105 to 110 million tons. This can happen only if we sincerely make an effort to implement our Plan. I say so because so far we have been writing circulars and things like that and impressing upon our subordinate officers to carry on this programme. Many of those officers—I do not attribute any motive—may not be familiar with the conditions in rural areas or they may not be acquainted with the techniques of agriculture.

Acharya Kripalani: They come with a fresh mind.

Dr. Ram Subhag Singh: They might come with a fresh mind, but it is experience that is required in agriculture. Even if one is young one has to possess the highest amount of experience in agricultural operations. Therefore, even if a young officer is sent he should know how the agricultural operations are carried on.

I think it is not very difficult to provide irrigation facilities to our fields. Of the 350 million acres of land which is under plough about one-third is under irrigation or is capable of being easily brought under irrigation by canals and other minor irrigation methods or being rain-fed. But there the burden of the peasants is increasing. When we talk of increasing food production or any kind of production we should also see whether the cost of production of the peasant who is actually working in the field is going up or not.

Here I come to the price factor. We said that the prices of essential commodities are going up and we should introduce some selective control. I want that we must introduce control and let there be a fully controlled economy. At the same time, I want that there should be some control on our offices also, because whenever a peasant reaches any office, be it a block office a district office or courts, I do not think he gets a fair treatment.

An Hon. Member: They want money.

Dr. Ram Subhag Singh: Money also comes in. He is ill-treated and also sometimes abused. He is pushed from pillar to post. Therefore, the first control that I would suggest is, let the Government come forward with an effective control on its machinery and improve the machinery to such an extent that the people in the Government serve the people of the country, because service should be the uppermost thing in the mind of the governmental machinery. In this connection, Sir, I would like to refer to the recent strike by the Central Government employees. Why did such a strike situation arise? It was because there was no mastery on the situation by the people who are in control of the destiny of the employees. Therefore, I think that the people in the Government ought to be in a position where they must exercise not only effective control by virtue of their offices but also by cultivating some ideal or something like that due to which they are in a position to get natural regard of their employees and none of their employees goes against the wishes of his boss. Under the rules of discipline they can have every control on everybody, but some device should be evolved by which, as I said, they can get the natural regard of their employees.

At the same time, I would like to suggest that when we are talking about our economy—this would also be under the consideration of the planners—the planners should find out a norm for everybody, be he a labourer or a cultivator or an office worker or the highest officer of the country or a Minister, and he should be paid according to his work. If we introduce that proper kind of norm for giving remuneration, then there would not be any rush from rural areas to the urban areas. Now people are flocking here because you give so many amenities like first-class roads, electricity etc.

Sir, we talk about non-essential or luxury goods. In our offices first-class tables are rejected and replaced by the most recent model. I do not know whether they are luxury tables or not, but if you go inside the offices here you will find the latest type of furniture. When we talk of giving austerity standards to our population we must first accept those austerity standards for ourselves. We should not sermonise to the people of the country because the people are getting fed up with sermons and they cannot tolerate such things for ever.

Acharya Kripalani: Leave something for the Opposition to say.

Dr. Ram Subhag Singh: I want that the Opposition Members should really function like Opposition Members, because I have been noticing that Members of the Opposition have become more royal. (*Interruption*).

Shri Asoka Mehta (Muzaffarpur): It is all according to Plan.

Dr. Ram Subhag Singh: Then I come to the question of industries. Here again, I want to differentiate between two things. We talk about heavy industries. It is well and good and I accept that heavy industries and capital industries should be set up and they should be set up as expeditiously as possible. At the same time, there is another heavy industry bigger than that and that is the human industry, the man-power industry, the industry to educate the men and women of this country. What is happening to our 400 million people?

Acharya Kripalani: Production of people is increasing.

Dr. Ram Subhag Singh: Dadaji is telling about production. I am not referring to the production aspect. I am talking about the people who have

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already been produced. Their educational standard is going down every day. There has not been any progress during the two Plan periods. You may say that you have increased the number of our educational institutions, you may say that you have given more teachers, but consider what is the standard of teaching, what is the standard of the teachers and what is the standard of those who are taught. Therefore, I think that along with giving stress on our heavy industries you must also give stress on our man-power manufacturing industry. Without increasing their educational standard and cultural and other standards you would not be able to bring up India as it should be or create the India of your imagination. It is essential to do that.

Then, we should increase discipline in our country, because I find that even the big persons in the country are going in the way they think proper for themselves. I am not referring to the un-educated persons only, because it is the highly and fairly well educated persons who are creating confusions in each and every corner of our country. I want that this hope given by our Plans, this hope given by our system that anybody can get anything done provided he has some pull should be removed. We must put our foot strongly on the "pull" method, and we must see that we are represented properly and by capable persons everywhere. Otherwise, Sir, our standard is going down everywhere and there is a real danger of disintegration. I can understand the Chinese aggression. They are trying to grab some of our territory. Today you heard that the Russian people have included some of our territory in the Chinese map. But we can prevent all those actions if we are strong enough in our border areas. I want that a strong Assam should be created, and there should be a strong Bengal. Each and everybody in this country, wherever he is coming from, must be given full protection in his house. We need not delay the matter on this account; otherwise there would not be any plan in that eastern region and once the eastern region gets disintegrated there is danger of disintegration in the entire country, because that sort of disease will spread everywhere.

Shri Harish Chandra Mathur: Mr. Chairman, Sir, as I read through the Plan, trying to assess our achievements, hopes and aspirations for the future, I find that those people who have applied their mind and have prepared this Plan, have taken a realistic view of the entire situation. If you read the Plan you will find that there is a lot of realism in it, they have learnt certain lessons from the past and have themselves pin-pointed attention on certain very serious aspects which have affected the performance of the Plan in the past and which are likely to affect the performance of the Plan in the future. I may not agree with all that has been said, but there is not the least doubt in my mind that even if we take good care of what has been said in the Plan, things would improve considerably.

As they have gone from page to page right from the land reforms, quite a lot of attention has been devoted to the question of administrative machinery and it has been confessed in the Plan itself that there has been a concentration of power in the Secretariat itself, from the functioning department to the Secretariat, which is more dangerous than the concentration of power anywhere else. What I mean to submit is that there has been a true appraisal of the entire situation, but it is really unfortunate that in spite of the fact that there has been such an appraisal, in spite of ten to twelve years of experience in working, things go on merrily in the same manner as they have been and against which voices of complaints have been raised all the time.

Now, it should be clearly understood that in the implementation of any

Plan there are certain basic things which have to be taken note of first. While speaking on the Budget I said that the price policy was the most important factor which should be taken into consideration. Even when I spoke last time I laid the greatest stress on it, but on further consideration I feel that the atmosphere and the attitude of the people is far more important than even this. Now I wish to know how we can create the correct atmosphere and correct attitude. What is the response of each section of population in this matter? What is the responsibility of the Government in this matter? Has Government as such discharged their responsibilities or given any indication in the Plan that they are going to discharge that responsibility to see that there is a proper atmosphere and proper attitude for the implementation of the Plan, so that an enthusiasm is created in the minds of the people. After all the initiative has to come from the Government and when there is a correct initiative regarding the attitude and atmosphere of the Government, then and then alone will there be a correct reaction both from the opposition as well as the people at large.

So far as the Government is concerned, we have all been complaining about it. My friend who spoke before me, gave certain instances of how the departments are functioning, how the Secretariat is functioning. Even the Prime Minister, after these twelve years is talking about the abnormal delays. Who is responsible for these abnormal delays? Even after twelve years of independence, there are complaints of abnormal delays, of corruption, of no action. I could quote one hundred and one examples, very distressing examples of how the administration is being carried on.

In our present structure there is nothing more important than food production. My hon. friend referred just now to the package deal. What is the package deal? It is nothing but an effort for intensive food cultivation in certain selected districts where there is great potential. This was to have been given effect to from the month of April. My constituency happens, fortunately or unfortunately, to be one of those selected districts under the package deal for intensive food cultivation.

An Hon. Member: Why unfortunately?

Shri Harish Chandra Mathur: Unfortunately I say, because effective steps for implementation which were to have been taken from April last were not taken. In spite of all sorts of letters having been written nothing has happened. The State Government does not know what the whole scheme is. Even to this day they have not drawn up the budget provision for it. Not a single pie has tickled down from here to the State Government.

I went to a big *kisan sammelan* at a place covered by the Jowar projects. Last year we had the best of rains and a good quantity of water was available there. The two thousand kisans who had assembled there said that their crops had been completely destroyed, because no water was given. The water was there in the reservoir. I got immediately in touch with the Executive Engineer, Irrigation. I talked to him. I wrote to the Chief Minister a very strong letter; I also wrote to the Minister in charge of Irrigation. I have no complaint that they did not listen to me. They listened to me; they paid immediate attention. But even to this day, after four months, nobody knows who is responsible. I can give hundreds of such distressing examples, but it is no use my giving these distressing examples. The broad fact remains that the Government through its administrative apparatus has not been able to create the correct atmosphere and correct attitude and for that the entire responsibility lies squarely on the shoulders of the Government.

The other day the Prime Minister laid on the Table of the House a statement indicating the savings which

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have been effected. That statement, possibly through the working of a particular section in our administration, tells us what savings are being effected. I went through it and have asked for further information. What are these economies? It is almost ridiculous. Now, Mr. Chairman, unless and until all this wasteful expenditure is stopped and an atmosphere of urgency created in the administration, you cannot expect much to be done. Of course, we have made tremendous progress in certain directions. But you cannot create the correct atmosphere and you cannot create the correct attitude in the minds of the people.

The other day the Prime Minister himself while speaking on the question of Nagaland said that we have unfortunately got into the habit of *teem tam*. That very morning I had given notice of a motion that is still before the Speaker. Are you doing something to stop this? It is all complete waste. What is this sort of reaction which you create in the minds of the people? If the Government wants to start in right earnest and expect something out of the implementation of the Plan, it is extremely urgent that the Government now draws up a schedule as to how they are going to streamline their administration, what sort of economy is going to be effected and what is the attitude which is going to be adopted, and how they are going to deal with this *tim-tam* about which so much is being said. We must immediately set about working.

There is another thing which is very necessary. We have a particular situation in Assam. We have a particular situation in Punjab. We had the strike.

Shri Tyagi: Law and order situation.

Shri Harish Chandra Mathur: I do not throw the entire blame on A, B or C, but in all these matters the Government has a great responsibility There should be a sort of respect and fear for the Government. Where is that respect and fear for the Government? Until and unless there is respect for the Government, respect for those qualities of integrity and efficiency in Government, there is no use. There should be evoked in the people's mind the feeling that here is a Government which is very effective, which is very strong and which is very efficient. That sort of respect should be there. Then there should be a fear in the minds of the people that no nonsense will be tolerated; no strike will be tolerated. If people have that sort of fear in their minds, if the people knew that the Government was capable of taking a strong action, there would have been no strike. I am very glad that the Government did take a very strong action this time and they took the correct step. Whatever may be done in other respects, on this matter, I congratulate the Government in doing the correct thing in respect of the strike, whatever their other attitudes may be. If we want to go in right earnest about the Plan, I wish the Government take a full note of these facts.

My next point is about the total outlay of the Plan. I entirely agree that the Plan is not at all ambitious. I would rather say that if we had taken note of all the plans which had been prepared by the different States, and if we had taken note of the plan which had been prepared by the various Ministries at the Centre, and if we totalled them up, the outlay would have come to more than Rs. 20,000 crores. There is the least doubt about it. But what does that reflect? That does not reflect any looseness and it does not reflect any over-ambition. That reflects the needs of the country. Every department feels that it has not been given a fair deal. It reflects the needs of the country which are such that one cannot but draw up a Plan which would be of the order of Rs. 20,000 crores or thereabouts. Some of the targets of the States have been cut down, because we have to take into consideration the resources and see whether we are capable of implementing the Plan or not. As it stands, I say with all the emphasis at my command that this country is definitely capable of fulfilling its Plan only if we go the right way and only if we go in an effective manner and take care of our own errors and omissions. There is least doubt about it in my mind. I even feel that it could be stepped up to Rs. 12,000 crores or Rs. 11,500 crores. The money is there. That is my feeling somehow. I will not go into details for it is impossible for us to go into details.

Another important factor is the price line. The prices have gone up by 20 per cent or a little more. I think it is more than 20 per cent. It may be about 25 per cent during the course of the second Five Year Plan. It is very cheaply flung at our faces that in a developing economy prices are likely to go up. Of course they have taken care to see that the deficit financing is cut down to Rs. 550 crores this time. That is why I say, at the same time, that there has been some realistic thinking in the matter. But why are the prices high? I am not an economist. But I have read what great economists have said and I have attended a few seminars also . The theories which they propound are very sound and I have no quarrel with them. It is true that we must have increased production. Increased production is there. Consumption should be curtailed to a little extent. Inflation has its own part to play. All these factors are there. But my strong feeling is that this is only one part of the whole game. It is not the entire story. In the determination of prices, there is another very important factor which may be taken note of now. Why should the business community be able to play with prices as they do now? The important factor, to my mind, is the power of the business community to play with prices. It is their speculative power. They have got the money with them to indulge in all sorts of speculation. There is black money in the hands of big business people, which may be to the tune of Rs. 500 crores to Rs. 1,000 crores. One does not know how much it is. But it is this black money, this great power in the hands of the business community which, to my mind, is responsible for all speculation and for the upward trend in prices whenever they choose and whenever they want to manipulate.

Mr. Chairman: The hon. Member's time is up.

Shri Harish Chandra Mathur: I thought I would get half an hour.

Mr. Chairman: He may take five more minutes.

Shri Harish Chandra Mathur: I will try to finish in ten minutes. So, this black money is another factor which is responsible. Unless and until you mop up that money, this speculation will go on and if you cannot stop it, the prices will never be controlled by you.

The third factor is the administration which can stop such speculation. We thought we could have State trading for it. I think we very rightly gave up State trading, not because I do not believe in State trading but because I believe that we are not capable of handling State trading.

Shri Tyagi: That is the trouble.

Shri Harish Chandra Mathur: That is my firm conviction. We are not capable of handling State trading, and therefore, State trading has been given up. Another point is, the country is not prepared for it and the administrative machinery is not ready for it. Who are the people who are going to do it? That is not known and they are not ready for it. That is why State trading has been given up.

Definitely, the administrative machinery plays a strong part in it. Why should the prices of cotton textiles go up? I think there is absolutely no reason for the prices of cotton textiles to have gone up by 30 to 35 per cent.

[Shri Harish Chandra Mathur]

Sir, as you have rung the bell, I would take up just two more points and then finish my speech in five minutes. There is so much of talk about the public and the private sectors. I have said earlier that there should not be any large dispute about it. Some people think that it is only in a free economy that there can be development. I do not know what they mean by free economy. Perhaps they mean this: let anybody do anything he likes! Now, they have coined another thing.

Acharya Kripalani: What does the hon. Member mean by 'public'?

Shri Harish Chandra Mathur: I mean the State. The people in the private sector have coined another thing. What they want is, a people's capitalism. I read a very interesting leaflet about people's capitalism. There are thousands of people who have got shares; they are the masters and they are the owners. If you examine it, you will find that the entire cream is for them and a little skimmed milk has to be distributed among all the other people who are in the queue. What is this people's capitalism? It is all idle talk just to cover the private capitalism in its ugliest form. It is a big cover which is laid over private capitalism. Everything good—the milk and the butter—is for me, and here is the skimmed milk which may be distributed! If you get your share, it is all right. If you do not get your share, go to hell! That is people's capitalism, and nothing beyond it. I would wish the great leader of the opposition to understand what is this public sector. The public sector has given an extremely good account of itself in Bangalore, where the Hindustan Machine Tools is working. If the annual report of that public sector enterprise is studied by the great leader, I am sure he will be very much heartened and most of his pessimism will be scotched off.

Acharya Kripalani: Then, why were you against State trading?

Shri Harish Chandra Mathur: State trading in foodgrains is too pervasive. You can do certain things, but if you go beyond your abilities or beyond the apparatus which you have, then the trouble starts. Here we have got certain public enterprises. The mouth of this gentleman who talked about this was completely shut in Rajasthan. There were two industries which had gone to dogs and which were being closed down and their administration was taken over by the State. The result is they are working with a definite profit today. One is a sugar and another a textile mill. According to the present estimate, they are making about a lakh of rupees per month. What is all this talk as if the State Governments and the State administrative apparatus cannot take care of it? It is not so.

Another good example is the plan itself. In the plan, you will find there are Rs. 440 crores provided as resources from the public sector to go into the Plan and a little more is to come further. Maybe it is about Rs. 700 crores. The railways are going to give us only Rs. 150 crores. It is another about Rs. 700 crores which will come from the public sector.

Mr. Chairman: He has taken 20 minutes. He should conclude.

Shri Harish Chandra Mathur: I have not touched Rajasthan, over which I will take 2 minutes.

Shri Harish Chandra Mathur: I rian.

Shri Harish Chandra Mathur: I am not going to be sectarian. You have taken care of tea, but what have you done about copper and copper smelter? It is in the national interest. What is the demand for copper in the country today? It is 1,70,000 tons. We are capable of producing much more and much better copper. But what is your plan in regard to that? You have not done any damn thing so far. We are thinking of producing hardly 15,000 tons. There is zinc. This has nothing to do with Rajasthan. There are other things which can be developed and the production of which can go up. But we have not been able to do anything and this metallurgical wealth is completely wasted.

About small-scale industries, I am completely embarrassed. As a matter of fact, I had given an amendment asking that the allocation for small-scale industries should be raised from Rs. 250 crores to Rs. 400 crores. There is imperative need for this. The benefits of small-scale industries are very well understood and I need not go into them. But even the present tempo will not be continued if you do not raise it from Rs. 250 crores to Rs. 400 crores and there would be great frustration in the country. There is the least doubt about it.

About this matter of small-scale industries, every time we talk about rural areas, but when the question of rural areas comes up, we completely shut our eyes. When it comes to brass tacks, we do nothing. Another important point which I wish to emphasise on the floor of the House is that it is only the small-scale industry which can take technology and science to the rural areas. There is nothing which will take technology and science to the rural areas. It is not free economy. I wish to emphasise that Germany is going ahead now not simply because there is free economy. Germany has made more fantastic progress even under the Fascist regime under Hitler. It is not because of the present circumstances. It made such a terrific progress that it gave the shock to the entire world. It is only their technological and scientific base and that knowledge which is responsible. We must take this technology and science to the rural areas.

Rajasthan has been given an absolutely raw deal. I want to understand the position, how it stands. You want that this State which is backward and which has been given very little in the past should be given a special treatment. But what is the position? Punjab must have a plan of Rs. 270 crores and Rajasthan must have a plan of Rs. 200 crores! Rajasthan has got more population, a much larger area and is a much more backward State. But what is the criterion? You must tell us. I wish that there should be a clear allotment of about Rs. 300 to Rs. 500 crores in this Plan, which should be kept absolutely separate and which should go to the backward areas in addition to what is being allotted otherwise. It should be only to develop backward areas. Even in Bombay, there are certain areas which can be considered backward. But if this disparity is to go, there should be a special provision and a special allocation.

Shri Asoka Mehta: Sir, I feel that on an important and serious occasion like this, one should make an effort to provide a proper framework of reference and adequate focus of understanding to the large problem with which we are dealing today. We are on the eve of completing a decade of stresses and strains, of difficulties and disappointments. We are all aware of the foot sores that we have suffered as we had travelled along. But while it is important to remember the sores that we have received, let us also keep in mind the distance that we have covered. The distance that we have covered is not as much as we would have liked and should have covered, but especially when a flock of Jeremiahs are collecting who are cavelling at the very capacity of our people to achieve anything, I would like to place on record the achievements—modest though they may be—but achievements which shine sharply against the previous dark decades, when we neither had our destiny in our hands nor had we picked up the tools of the techniques of planning.

[Shri Asoka Mehta]

In the last ten years, with all their faults, failures and frustrations, agricultural production has increased by 40 per cent., industrial production by 120 per cent., electricity generated by 200 per cent., railway freight traffic by 80 per cent, handloom production nearly by 200 per cent., and khadi production by 1,000 per cent. This may be less than a satisfactory record, but this is a record on the basis of which I believe Indian people can muster courage to move forward and embark upon a more difficult path of adventure.

The third Five Year Plan which we are discussing today is almost as large as the first and second Plans put together. Significantly, I would like my Swatantra Party friends to understand the fact that investment in the public sector is larger by Rs. 1,000 crores than the two previous Plans put together and the investment in the private sector is Rs. 900 crores less than in the two previous Plans put together.

Shri M. R. Masani: What does it prove?

Shri Asoka Mehta: It only proves that as far as we are concerned, we believe that there will have to be a certain propulsion in our economic life and that kind of propulsion is being imparted, with which you have been disagreeing.

Shri M. R. Masani: It proves you want to throttle the private sector.

Shri Asoka Mehta: You are free to draw any conclusions you like. I am only providing you the facts.

Shri Ranga: We have got it in the book.

Shri Asoka Mehta: I wish these things were brought out in the book.

Shri Ranga: It is there.

Shri Asoka Mehta: Secondly, this Plan, as far as the financial targets are concerned, is of the same size as the one that was anticipated earlier. Because, as we all know, there is an erosion in the value of money by 20 per cent., so actually, in real terms, the Plan is smaller than what had been originally proposed. The result, of course, is that the momentum that we have tried to provide to our economy is, or is likely to be, slowed down. It may be that there is nothing that we can do about it. But I think it is necessary to recognize the fact that no country can pull itself out of the economic stagnation unless it is willing to impart to its economy a constant and ever-accelerating momentum and wherever you try to slow down the momentum the price will have to be paid for it.

15 hrs.

About this Plan I am told that even cautious organisations like the World Bank have come to the conclusion that this is not an amibitious Plan; not ambitious not only in terms of the needs of our country which everyone would accept, but in terms of the resources, if they are properly mobilised and properly organised. In these terms this is not an over-ambitious Plan. What those cautious critics have realised, I believe it is the responsibility of this House during this debate to communicate to the rest of the country. Because, if we fail to communicate this awareness to the country, if we ourselves are responsible for scattering acids of disbelief in the capacity—I am not concerned with the Government; I am concerned with the capacity of our people; after all, if Governments go wrong, only if the people have the requisite capacity can Governments be set right. It would be a tragedy of the highest order for our country if we are going to say that 400 million and odd people are not capable of embarking upon an adventure of so limited a size.

The second Plan has branded many lessons on the nation's consciousness, but we have to find out to what extent these lessons are properly remembered. Many of those who have spoken before me have drawn attention to some of these lessons and many who will follow will probably be able to do that with greater competence and far greater eloquence than I can command. But I would invite the attention of the Planning Minister who is here to at least four significant lessons which we can ignore only at our peril.

Our monetary and fiscal reins have been held very loosely. Money supply in the hands of the public increased in 1959-60 alone to 8.1 per cent. and bank credit expanded by 11 per cent. Now these monetary and fiscal policies are things which even an administration that might not have all the qualities that the previous speaker described should be able to control. This is a failure for which the Government has to give an adequate answer.

The second main failure has been, for which part of the blame lies with the Government and part of the blame may lie elsewhere, the sluggish performance in the farms. Between 1955—60 the price of food articles rose by 42 per cent. and industrial raw materials by 40·6 per cent. Both on the food front and the fibre front we have somehow failed to move forward. The prices of manufactured goods rose by 17.5 per cent., which means that as far as our farm activities are concerned, there has been something radically wrong. It has been analysed very often, it has been discussed very often but if we are not going to set right, if we are not going to correct those mistakes, I am afraid, all our Plans will go wrong.

It is interesting that while we have improved our position as far as foodgrains are concerned in recent years, we have lost ground in the production of fibres. While cereals and pulses have shown significant response to our efforts, other food articles have shot up the price index. So, we seem to be like a mother having half a dozen children where if she is trying to look after one the other five try to create trouble. The very essence of planning is that you are able to control, you are able to exercise the necessary co-ordination on those diverse sectors. If the sectors are going to be mixed up like that, then I think our planning is only on paper.

The third point to which I would like to draw attention, to which pointed attention was drawn by my friend, Shri Mathur, is our inability to hold fast to our objectives. One objective that was referred to, which I would like to take as an illustration, is helping the smaller industrialists or the entrepreneurs. In the draft Plan in para. 4 of Chapter 1, which is devoted to social objectives of planning the need of fostering small enterprise is understood, and there the planners caution us against "equating private enterprise with large units". But what has been our record? In practice we find 12,545 small-scale industrial units and 426 industrial co-operatives have been given assistance or loans worth totalling Rs. 7 crores only between 1956-59 while the IFC, NIDC, State Finance Corporations and ICICI have provided Rs. 135 crores to a few hundred big enterprises.

The fourth point that I would like to make is that we had grossly under-estimated our foreign exchange component in the Second Plan. We had under-estimated it because of three reasons, firstly, our inexperience. Secondly, I believe, we failed to point out, we failed to bring out the implications of the pattern of the Plan and its impact upon external aid; and, thirdly, I believe, the planners were somehow shaken by the climate of public opinion in the country which at that time was even more critical of external assistance than it is today. And that is a point on which it is necessary for us clearly to state our position and understand

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it. Otherwise, we are likely to land ourselves into difficulties again. In the Third Plan, let it be clearly understood, the external aid component is as much as Rs. 3,200 crores. That means that the component of external aid is almost as large as the First Plan as a whole. It is interesting, it is significant to note that the climate in the world has changed to such an extent that it is possible for us to postulate these assumptions, it is possible to plan on these assumptions in the world today. In the affluent society to which the Prime Minister referred to, the climate of opinion changed to such an extent that it is possible today to expect that we shall get aid to the extent of the entire size of the First Plan.

If they say "we are entitled to ask for this aid" then we are entitled to expect this aid only if we know what we are going to do with it, and that is closely linked with the pattern of the Plan and, of course, the whole question of implementation. As far as the implementation is concerned, the Prime Minister himself,—as is his habit, he always begins as the Leader of the Opposition whenever he speaks as the Leader of the House, thereby combining, as he does, both the functions in his unique personality, has already underscored much of what one would have liked to say about implementation. But may I point out to him that it is the original sin of our planning, and if we are not able to overcome the original sin, no matter how much we shout, whatever we try to do, the sands will be washed away under our feet and the rocks will be taken away by our friends of the Swatantra Party. (*Interruptions*). That will not happen. You can take it from me the manhood of India has not gone so sterile that it will allow the rocks to emerge.

A question can be asked—and that is a legitimate question—why should there be so large a dependence on external aid?

Why should there be such an emphasis on industrialisation which leads to this dependence on external aid? Why should we not have a pattern of plan whereby we do not have to depend on others? I would like to answer this question because we have got to meet this question fairly, squarely and honestly. I would not go into the needs of defence and all that. I would confine my arguments strictly within the ambit of economic considerations.

I am sure that even my hon. friends here of the Swatantra Party will accept the fact that even in the society of their conception there will be need for developing in India non-importables like production of electricity, transport and communications to which 37 per cent. of the total investment in the public sector was devoted during the Second Five Year Plan. If power production, transport and communications are to increase in the Third Five Year Plan and in the Fourth Five Year Plan, even if we confine our attention only to that alone the estimated requirements of plant and equipment for the above non-importable essential services in the Third and the Fourth Plans would be of the order of Rs. 1,350 crores and Rs. 1,920 crores respectively. If we do not build up our fabricating capacity in the country, if we say, "Why should we emphasise these heavy industries? It is a fad of the hon. Prime Minister"—if it was just a fad of the hon. Prime Minister, I would discard it into the waste paper basket—but I want these friends, all those critics and all those who are sceptical about the basic pattern of the plan that we have adopted to know that we would have to import all these things during the Third and the Fourth Plans. If we are to import these, how will we pay for them? Would you like that we have foreign loans in order only to import things for which we do not build up any kind of a capacity in this country? Or, would we like to use foreign loans mainly for the purpose of building up that capacity whereby in future our dependence on foreign countries would be markedly reduced? If we build industries—I am sure even the worst critics of socialist policy would want to build some industries in India and would like to maintain in good order the industries that have already been built up—even that modest effort will mean that the needs for plant and equipment for replacement would be of the order of Rs. 600 crores in the Third Plan and of the order of Rs. 1,200 crores in the Fourth Plan. If we are to expand and develop, if we are to move in the direction in which some of us would like to go, the machinery needed for that would be of the order of Rs. 3,400 crores in the Third Plan and Rs. 5,600 crores in the Fourth Plan.

In 1951 we were producing machinery and equipment of the order of Rs. 31 crores in the country; in 1958 to the order of Rs. 150 crores; in 1960-61 of tht order of Rs. 270 crores and in 1965-66, if we are able to do our job properly, it would be of the order of Rs. 850 crores. In 1971-72 it would be of the order of Rs. 1,600 crores. It is not that we want to eat machines or that we want to live by machines. But if we do not build up machine-building capacity and if we want to progress these machines have to be imported. If you are not able to build up in this country even the process to meet the constant needs for more machinery needed for the development, expansion and growth of the economy, there would be such a constant drain, such an unending drain and such a hopeless drain on our external resources that we shall never be able to get over the need for foreign assistance and foreign credit.

Again, it is not possible to adjust drastically our imports and exports. There are hardly any imports that we can cut down today. As far as consumer goods are concerned, there may be some which should be cut down, but the main part of our imports of consumer goods is foodgrains. I do not think we are in a position to cut it down in spite of the brave words of our hon. Prime Minister. If there is anything else that we can cut down as far as consumer goods are concerned, it should be done forthwith. But the other imports are for the purpose of building up our industries, our development, and the scarce raw materials that we need to keep our industries going.

Can we develop our exports? Again, if we analyse our exports we will find that, if I am not mistaken, 54 per cent. of our exports are accounted for by tea, jute and cotton which are ultimately dependent upon our agricultural production. 20 per cent. more are also dependent upon other kinds of agricultural production. So it is not possible to expand our exports in the manner in which or to the extent to which we would like.

Our imports cannot be restricted beyond a very small measure. Our exports cannot be expanded beyond a limited measure. There is a gap. That gap is likely to widen. Now the question is: What do we do? How do we fill up the gap? What use do we make of the resources that are made available in order to fill the gap? That gap has got to be filled up to build up a base of heavy industries in India so that in five or ten years we shall be able not only to defend our country, we shall be able not only to manufacture and fabricate the arms and ammunition needed for our *jawans*, but we shall also be able to have the wherewithal with which we can move forward to our destined goal.

Owing to the present very small size of the capital goods industry and of the production of intermediate goods, the programme of industrial development results in rapidly rising levels of imports. Our present imports cannot be pruned much more nor can our exports be expanded very

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far. There is no escape from external aid. The only question is as to how and for what purpose we use it. I would like here to invite the attention of my hon. friend, Shri Masani to a very important book which was published before the War by Professor Hoffman, namely, *The Growth of Industrial economies.* On page 41 of that book he says:

> "In general we can therefore expect that when a country with a *free economy*........"

I italicise for his benefit the words "free economy".

> "......with a *free economy* passes through an industrial revolution of the kind characteristic of the past two hundred years.. ......"

It has nothing to do with Communism.

> "there would inevitably be a tendency for the clothing, food, drink and tobacco industries to lose their dominant position in favour of iron and steel, metal and engineering."

This is an inevitable and inescapable law of development and those who run against it will find themselves under its iron heals. The shift is the very essence, the quintessence, of growth. I cannot understand why one should quarrel with a deliberate, a planned and a purposeful effort to see that a shift is brought about in a sponsored way.

Shri M. R. Masani: A forced way.

Shri Asoka Mehta: The only point is that we are going to manufacture, if this Plan goes through, if the problems of implementation are attended to, we are going to fabricate a lot of machinery. I suggest that we should try to fabricate machinery along the lines suited to us. We must learn new designing. We must try to see that our machinery is somewhat less capital consuming and more labour using. Not only it will help our country, but we shall be able to open up a distinctive export market because there are many many countries in the world that would welcome this kind of machines and not those machines which are peculiar and relevant to the economies of the USA and the USSR.

The next question that has to be answered is this. Does not an industry-centred plan lead to the neglect of agriculture and affect adversely employment possibilities? I would like to answer this question also squarely. Expenditure on agriculture plus community development plus irrigation and flood control plus production of fertilisers was 40 per cent. higher in the Second Plan compared to the First Plan, when the Second Plan was twice as large as the First Plan. The Third Plan which is only 50 per cent. as large as the Second Plan in that the amount is 60 per cent. higher than in the Second Plan. Financial inadequacy is not likely to be a bottleneck. The real bottlenecks are going to be effort, organisation and administrative alertness. I think we are barking up the wrong tree if all the time we look to the financial provisions. Here the real problem is as to what is wrong and how it can be set right as far as efforts, organisation and administration are concerned. I would say if the food production targets are reached—if we do not reach them, I do not think we shall be able to put through a plan of this size—it will become necessary for us to put through a policy of price support. A policy of price support must be an integral part of this Plan for increased food production. Likewise, I would like to point out that as a result of the very generous assistance that has been made available to us by the Government of the United States under P. L. 480, we shall be having, for the first time buffer stocks of 5 million tons of foodgrains. If these buffer stocks are to be maintained, it is necessary to keep on rotating these 5 million tons. If these 5 million tons are to be rotated, the Government will have to come in to make the necessary purchases. Some kind of state-trading in foodgrains is an inescapable corollary for the maintenance of the buffer stocks, whatever my hon. friends Shri Harish Chandra Mathur and Shri M. R. Masani may say about it. I would like to point out that even if we are able to increase our foodgrains production by the order that we have envisaged, there are the seasonal and regional variations. The seasonal variations are likely to be as large as 15 million tons if our production is going to reach 100 million tons. In order to overcome seasonal and regional variations, Government must maintain considerable amount of stocks in their hands. Are we going to maintain these stocks by importing foodgrains all the time, or are we going to devise a machinery? My hon. friend Shri Harish Chandra Mathur said that we are incompetent. Those who are incompetent have no business to remain in power. I do not think the womb of India has gone dry that it cannot produce that amount of competence in this country.

Shri C. D. Pande: Men have gone sterile: not the womb.

Shri Asoka Mehta: If my friends will not understand good English, I am sorry for that.

The next question is the need to expand employment. It is absolutely necessary to expand employment far more than it has been envisaged in the Plan. Look at the Seventh Evaluation report on Community development. It has been shown there how there is a pressing demand, a pulsating demand, a forward thrust for more and more employment not only by men, but also by women in the rural areas. It is again an axiomatic truth that a by-produce of economic development is that disguised unemployment comes out into the open. We have to provide more employment opportunities. May I invite your attention to Chapter V of the Draft Plan, para 74? It is an interesting and important para where it is said that we can, if we have the organisational ability employ half a million people and that would cost only Rs. 12.5 crores per year. I think we should have the organisational ability to employ 2 million people like this, in order that we shall be able not only to make a dent on the employment problem, but also improve the rural areas.

Everybody says that. But, its implications are not understood. With your permission, I would like to under-score the implications of it. It is possible to expand employment opportunities provided consumption is evenly spread. Men employed in land improvement have to be paid. Even if their efforts yield quick results, that output will generate both output and income. The additional incomes have to be saved. If you do not save that, inflationary pressure generates. Inflationary pressure does not come as my hon. friend, Shri Ranga, assumes only because the printing press is working overtime. There are all kinds of inflationary pressures built up in the economy.

Shri Ranga: Hear, hear.

Shri Asoka Mehta: I hope he will say 'Hear, hear' to the next statement, which is a logical corollary of it.

That means, greater tax effort including taxes on farmers, and some restraint on wages. They are essential concommitants of a rapid expansion of employment opportunities.

Shri Tyagi: Hear, hear.

Shri Asoka Mehta: I hope Shri Tyagi will now say 'Hear, hear', to my third proposition. It is possible to expand employment further without endangering the other advantages of the present pattern of the Plan, provided there is more socialism and not less socialism.

Shri Tyagi: I agree.

Shri Asoka Mehta: What does this mean? The lower income groups will not accept restraints. The restraints are relative, not absolute. Nobody's low standard of life is sought to be depressed beyond what it is today. Everybody's standard of life should rise and given a proper administrative purpose. But, there is a relative restraint. The people in the lower income groups will not accept this unless there is proportionate restraint upon the consumption of the higher income groups.

May I point out that in any economic development where rapid industrialisation is taking place, there is built-in inequality in it? There is built-in inequality in an economic growth of this kind. Therefore, deliberately counter-vailing measures will have to be taken. An industrial policy with its protected markets offers assured profits, and imports a marked advantage to big business houses because of foreign collaboration. The result is that the big inevitably must become bigger and bigger. There are big contractors. A thousand crores we spend on construction activity in the Second Plan. It would be interesting to find out how many firms have been benefited. I know of big contracting firms which have handled at one time contracts worth Rs. 40 crores.

Shri M. R. Masani: That is the socialist pattern.

Shri Asoka Mehta: My hon, friend Shri M. R. Masani would like to have no counter-vailing measures to be taken. He would like to allow these to be left unrestricted.

Shri M. R. Masani: Then, we would not start.

Shri Asoka Mehta: Then, you would remain stagnant and destroy the country. Not even an iota of hope would be left for us. What is happening to variable dividends? The Reserve Bank's variable dividends industrial security index rose by 35 per cent. It reached a new peak of 169. Why did it happen? What were the reasons? Here is a very brilliant and able report. I am very grateful to the Reserve Bank for this outstanding publication, the *Report on Currency and Finance*. On page 2, the Reserve Bank says:

> "Apart from the protective effect of continued import curbs and growth prospects of several industries, and the various measures adopted by Government to assist industry, investors' confidence was further aided by the absence of any significant increase in taxation since the 1957-58 budget."

We are not willing to put any burdens upon those who are benefited. The result is,—the stock market has registered it—a peak has been reached, a 35 per cent increase in the index of variable dividends industrial securities.

What is the response? The Treasury Benches say, there is no need, no occasion for increasing direct taxes, we are already over-taxed. They take their cue from my hon. and distinguished friend Shri M. R. Masani.

Shri M. R. Masani: You glad to hear that.

Shri Asoka Mehta: As a result of industrial expansion, monetisation of economy and technological advance in different spheres of economic life such as transport, there is an inevitable tendency for the urban interests to gain at the expense of the rural interests. This is again inescapable. This is part of the whole technique of development. That is where social counter-vailing measures come in. That is where planning has to be purposeful. That is where you have got to see that in this country, while you are introducing all kinds of land reforms, urban land values are not being taxed. There is heavy appreciation in urban land values resulting from rapid pell mell metropolitisation, and all the profits go into the pockets of a limited number of people.

The base of the whole superstructure that we envisage can be built up only if we are able to increase our national income at the rate of 5 per cent a year. This is a *sine-qua-non*. If we fail there, this superstructure is not even worth the paper on which it is prepared. What does that mean? On the food front, in the next five years, we are attempting to do much more than we did in the last 10 years. In the Second Plan, we were able to produce only 10 million tons of more food. We are planning to produce 30 million tons in the next 5 years. Are we keying ourselves up, are we preparing ourselves for this three-fold efforts, in half a million villages, in the 65 million farms scattered all over the country? In coal, we shall have to double the production in the next five years, double the entire production that we have been able to take out of the mines all these years in the past. We will have to develop new skills. I would like to invite your attention to page 7 of the Plan where we have assured to the people certain minimum amenities. If these minimum amenities can be provided, that itself will be a distinct advance. But all this is going to demand of us an awareness, an alertness, a sense of determination and dedication for which at least the Treasury Benches have not been distinguished so far. I am sorry the Prime Minister is not here. I would have liked to say this in his presence. The performance of the Treasury Benches, the dedication and the determination shown by them during the last ten years, does not inspire the requisite confidence not only on this side of the House, but even on their side. That is a fact that has to be noted. The Prime Minister has no business to come before Parliament and the country and say, "This is the target I am placing before you", unless he is willing to see to it that the concomitant responsibilities are undertaken by him and his colleagues.

We have been stumbling, fumbling, bungling so far. In the earlier years when we were learning, there was perhaps some reason for it. Today, let this be branded on our consciousness that time is the most scarce resources in India today, and anyone who neglects time, anyone who is out to throttle time, is a person against whom we have to be constantly on guard. If our friends of the Swatantra Party try to throttle time ideologically and philosophically, no great harm takes place except, of course, that the intellectual atmosphere gets somewhat befouled but when those who sit on the Treasury Benches trade away time for all kinds of minor benefits and petty advantages, they play with the future, the very destiny of the country.

Maharajkumar Vijaya Anand (Vishakapatnam): On a point of information, Sir.

Shri Asoka Mehta: There is no point of order, and I refuse to yield. It is a very surprising kind of party which is willing to lap up everything that is said in its favour, but is not willing to take anything which goes against it.

My last point is about inflation. The Federal Reserve Bank of the USA made a study of various countries of the world, developed and undeveloped, and it has pointed out that where inflationary pressure was held in check, the average increase in national income has been six per cent a year; where it could not be held in check, it varied from one to seven, but the average was four per cent. It is obvious, it is common ground, that inflationary pressure should be held in check, but again it is inevitable that inter-sectoral relations and the long periods taken by the development of various projects generate inflationary pressure. If these pressures are to be checked, proper

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fiscal policies are necessary. Either our standards are going to be eroded, the structure of our society is going to be distorted by inflationary pressures, or we are willing to do it rationally, in a planner manner, in a purposeful manner, by having an appropriate fiscal policy.

I hope and trust that this House, in debating this draft, will try, to the extent I have been able to communicate to the House, this central focus through which I look at this great adventure of our hope and our dedication.

Shri Ranga: I do not propose to try to answer many of the points that have been made by my hon. friend Shri Asoka Mehta, because I want to leave that very pleasant duty to be performed by his erstwhile colleague, founder of the Socialist Party and his predecessor in the office that he holds now as the General Secretary of the Socialist Party, Shri Masani, because they understand each other much better.

Shri Tyagi: You are talking of the old days.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): As we two do!

Shri Ranga: We understand each other very well.

My hon. friend has provided the sound as well as the fury that were lacking in the speech made by the Leader of the House this morning. I was wondering how to reconcile this confusion, how to get out of this confusion: one sits to your left, another sits to your right, but both of them seem to be in the same place, only one is an official, the other is a non-official.

Shri Asoka Mehta: Both claim to be socialists.

Shri Ranga: Here is the Planning Minister officially designated, here is a non-official Planning Minister, not yet designated.

Having said that, I would like to mention that we, after all, live to learn. Both the friends of the Socialist Party have lived to learn a lot, not only about themselves, but also about socialists in the West as well as in India. Only, the Western socialism has come to reconcile itself to labourism in England; Indian socialism has come to reconcile itself to Praja socialism. That is the only difference.

Shri Asoka Mehta: I am grateful to you.

Shri Ranga: Here is our Prime Minister. There was a time—my hon. friend would know what I am talking about—when some of us suggested that we should welcome the offer of the gift of food to India. During those days, we were passing through a terrible crisis, but the Prime Minister had to come to the House in a terrible hurry to condemn us for it. What did we do? He has recently, and earlier also, sent successive Finance Ministers to go from country to country in order to canvass for assistance, loans and other things. We did not suggest any such thing. We only asked those people not to obstruct their own proposal to give us a gift.

There was also a time when I myself played the kind of role that my hon. friend is now so very anxious to play. In a non-official capacity, I took the initiative in going round to persuade the statesmen of the Western countries to do what they are now proposing to do, what they are offering today, to come to the aid of the democratic countries of the East. And we were taken to task by the Leader of the House.

There was a time when some of us took the initiative in the Working Committee in persuading the Congress to accept the ideal of a co-operative commonwealth, and when the question was put to the Leader of the House what he meant by a cooperative commonwealth, he said it was some kind of a vague proposition, he did not know much about it. The General Secretary had to write a pamphlet on that in order to enlighten him and educate him, because he goes on discovering. That is where his technological excellence lies. The only thing is I congratulate him on being able to pick the brains or ideas from other people and then claim them to be his own, and then come round and say: how dare you not accept these things? That is the excellence of our Prime Minister.

I have been associated with the co-operative movement for the last 35 years in our country. Till recently, I was the Vice-President of the All-India Co-operative Union. During these times, we were asking the Prime Minister and the Government to give more and more assistance to the co-operative movement, and the co-operative movement that we had in mind was an entirely voluntary one, one which would help the self-employed people to stand on their own, one which would supplement the efforts of the self-employed people like the peasants, artisans and other people to gain all the benefits of large-scale production, co-operativised supply and demand of what are known as inputs. Government was not then so very enthusiastic. My hon. friend the Prime Minister was not bothered about it. Suddenly, somehow or other somebody put it into his head that if he were to go in this way; he would be able to make rapid progress towards collectivisation, his favourite dogma, which he keeps very carefully disguised in the mass of his buts and ifs and etceteras. Therefore, he took it up. Then he said: why stop with the creation of service co-operatives, let us go ahead and have co-operative farming. Why should we have co-operative farming? What is the idea? He himself said that it was for more and more production. But it has not been possible for the Prime Minister or for any of these Ministers here or even for my hon. friend, Shri Asoka Mehta to prove that in any of these democratic countries, co-operative farming has resulted in higher and better production. It has not been possible for them to prove this at all. And yet, this morning, I found the Prime Minister saying that it was wrong for anybody to say anything against co-operative farming, because, ultimately, all countries had already come and India also was bound to come to co-operative farming.

What is the position in Denmark, Sweden, Norway, Holland, Japan, Ireland, even certain large areas of Canada, and even the American States? Have not their small peasants and small farmers achieved all the benefits of large-scale agriculture through what are known as service co-operatives? Till very recently, this phrase 'service co-operatives' was not popular here in this country. We were talking about multi-purpose co-operative societies, and we were organising them, and Government were not giving much of a help. But then, later on, the Prime Minister took up this new phrase of 'service co-operatives'. We are all in favour of it. We have been organising them. We are not in need of being taught any kind of lessons in regard to co-operation either by the Prime Minister or by any of his Ministers or even by my hon. friend Shri Asoka Mehta who is the 'non-official Minister'. We have got them already. Only this morning, my hon. friend Shri M. R. Masani was telling me that he was one of the founder-presidents of an industrial co-operative in Bombay.

And yet, why is it that we are opposed to co-operative farming? We are convinced, whatever the Prime Minister is professing to believe in, that in the manner in which the State Governments and the Union Government have been utilising all their grants, all their powers and all their personalities, this so-called co-operation, this so-called voluntary cooperation, can only lead to compulsion. They want to create all that kind of atmosphere. Why do they want to do it? They have stated it in the Second Five Year

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Plan itself, namely that they want to remove all differences between the people who own land, whether they are small or big and those who do not own any land at all, so that all the people in the Indian villages will be on the same footing. That is the way in which they want to achieve equality or equalisation.

Then, my hon. friend, the Prime Minister was saying that he was not doctrinaire, and, therefore, he was not going to insist upon ceiling being placed upon everybody. Indeed, he said that socialism did not mean ceiling; socialism does not mean distribution of poverty amongst everybody; and one cannot very well disturb productive forces, because production is the most important requisite of planning. So, he does not want ceilings for urban incomes and for urban properties. Nevertheless, in the usual inconsistent manner, that has become the practice—I am not prepared to say, of the Government, but—of the Leader of the Planning Commission; he was prepared to allow the State Governments to go ahead with their legislation of ceiling on agricultural lands. Why? Has it been argued by anybody? Indeed, has it not been argued by the Panel on Land Reforms, which sat last time that, for a time, the imposition of ceiling is likely to affect agricultural production adversely? They said so. Therefore, the question of imposition of ceilings cannot be for purposes of increasing production; it can only be for purposes of satisfying ideological fads of friends like Shri A. K. Gopalan who spoke this morning, or these other friends like Shri Asoka Mehta, because they are all socialists; they must be in the fashion; if they cannot very well be official socialists like my hon. friend, Shri Asoka Mehta or official communists like my hon. friends on the Communist benches, at least, they want to be neo-official socialists; they want to be in the neo-official socialism or Nehruism or whatever it is. That is why these ceilings have come in.

Now, I come to the question of inflation. I do not wish to go into the details of it. My hon. friend, Shri Asoka Mehta and the Prime Minister has also said that a certain amount of inflation is inevitable. My hon. friend, Shri Asoka Mehta asks 'How can you escape it? It is already built in in this development'. Very well; what does that mean? It can only mean this. When you are not able to raise your resources in a direct manner and in an ascertainable manner through additional taxation or various kinds of taxation, or through loans etc., then, resort to the Nasik Press and also to various other methods, for, the velocity of money has increased. Let us not forget that. Money is moving now. It used to be stay-put with a large majority of our masses in the past, but, today, it is moving from one man to another very quickly, and, therefore, the total circulation is very much greater. That is all the more the reason why it has got to be controlled. That is exactly what my hon. friend the Finance Minister has said in his own budget speech. But what can he, poor man, do? He is sitting on the top of a volcano. The volcano is all the time alive and it is bursting, and not only he himself would be blown to pieces, but the whole country is likely to be blown to pieces, as it happened soon after the First World War in Germany. So, I warn the country against this kind of process of inflation.

Then, my hon. friend asks: Do you not want foreign assistance? We want it. As I have said already, we took the initiative in those years. Many other friends also, indeed, Shri Munshi, the ex-Minister, the present Minister, Shri S. K. Patil, myself and many other people had gone round and requested all those people to come to our aid. And what happened? We were abused not only by the Leader of the House but also by some of the members of the Communist Party as being the agents of Americanism and all the rest of it. And, today, they themselves ask, 'How can you develop without foreign assistance?'.

Shri Asoka Mehta: The communists did not say so.

Shri Ranga: They also say so; the only thing is that they want more and more of it to come from Soviet Russia, while my hon. friend wants it from everywhere. That is all the difference. We also want it. We have no objection. But we want the Finance Minister as well as the Government here to create such a climate in our country that private capital also will come into this country....

Shri Nagi Reddy (Anantapur): Only private capital.

Shri Ranga:....and also into partnership as our own industrial *entrepreneurs* in our country so that we can develop our industries as rapidly as our friends would like to have it.

Then, my hon. friend asked: Do you not want basic industries? Who said that we did not want basic industries? We want them. But does it mean that we should have all the basic industries in the public sector alone? Can we not possibly have some basic industries in the private sector? In addition to basic industries, do we not want tertiary industries, medium-scale industries, cottage industries and so on? Are they to be developed only in the State sector? I say, no; they should be developed also in the private sector.

I now come to my next point. My hon. friend the Chairman of the Planning Commission was saying this morning, here are these ideals, we must very clear about them, and they must be looked at from a long-range perspective and all the rest of it. I confess having made one mistake in having allowed myself to be confused between the short-range perspective and the long-range perspective which were being placed before us like warp and weft from time to time by the Prime Minister, with the result that I did not take him so seriously when in the past he said that so many of these adjustments could be made, but we should accept the general perspective; we accepted, therefore, the general perspective. But with what result? The Nagpur resolution came on our heads. If we had not accepted it, if we had not gone into that confusion which he had laid before us, it would not have been possible for us to have allowed him to come to Nagpur and then face us with that alternative. And there it is.

The Prime Minister does not want accumulation of wealth. That is our stand also, the Swatantra Party's stand.

An Hon. Member: Really? *(Laughter.)*

Shri Ranga: It is no good laughing. None in this country can possibly say that I can ever be an agent or a representative or an apologist of any of these vested interests in this country. I can assure you that I have fought shoulder to shoulder with everyone of the sections in this country in fighting the vested interests, whether they be of the British or Indian or Russian make. But, at the same time, we have got to be careful to see that power is not concentrated in a few hands; they may be capitalists, they can be industrialists, they can be the Ministers here, or, not even the poor Ministers here, but their general managers and directors and all these other people over whom they have so little control. If they begin to exercise any kind of control, down comes the Prime Minister, down comes the Planning Commission. That is why we do not want that concentration of power, of capital and also of direction.

Then I come to the next point that is stated here on page 3. We want the processes of democracy and freedom to be developed and to be protected We fear that these processes are in danger of being blocked, if not atrophied by the manner in which the Planning Commission is going about. I wish to pay my tribute to the late Dr. Matthai who had the perspicacity and foresight to realise what a menace this Planning Commission was going to be even to the authority of the Cabinet Ministers and of the Cabinet

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as a whole when he resigned from the Cabinet on this specific issue.

Secondly, I would like my hon. friends of the Cabinet and also Shri Asoka Mehta to remember one thing. Shri Asoka Mehta was asking the Ministers to be energetic. He was asking indeed the Prime Minister to see that this Ministers are whipped nicely so that the horse-play will go on. I would like to tell these Ministers that if they really care for their own constitutional authority, they should underline or underwrite this demand that the Planning Commission has got to be derated to such an extent that it would become an advisory body to the Cabinet and not the master of it, as it has come to be now.

Then I come to the third point. All these are given as ideals here from first to last. I am going from the last to the first one. The third one is that they want everything to be tested by public interest. I am all in favour of it. I co-operated with my hon. friends in passing the Companies (Amendment) Bill several times during the last 25 years. I am prepared to cooperate with them in seeing that the companies do behave in such a manner that they satisfy the test of public interest. By the same token, I want to judge these public enterprises. My hon. friend was mentioning about H.M.T. There are so many others; H.A.L. and so on. What about B.E.L. which is lying idle there? There are so many others which are lying idle there. So all these public enterprises have got to be put to the test of public interest. Are they serving the public interest or not?

One day the Prime Minister said that there was a great demand for houses and our masons and carpenters were not able to do it. Therefore, a magician has come from Germany, Koenisberger by name; we are going to get all these things from Sweden and we are going to construct houses here; like a magical Alladin's lamp, we will be able to have 350,000 houses and thousands more in a month, or year or so. On that, we spent Rs. 2 crores. What happened? The whole thing flopped. When it flopped and we took him to task, he said, 'We have got to learn by experience. We must pay for it. What is two crores after all?'

It is in this manner that we have been paying through our nose. Therefore, I say that these public institutions also have got to be put to this test of public interest. If it is proved to be in public interest, certainly have it by all means—any particular industry or factory—under State enterprise; otherwise, allow it to be taken up by the people themselves. Who are these shareholders, directors and managing directors? I also used to think of them, in the same way as Government do, till very recently. I was so much prejudiced against them that I would not even care to go to their meetings in Delhi whereas the Ministers were always their guests.

Shri Punnoose (Ambalapuzha): Even now.

Shri Ranga: Even now I have not begun to go there, but there is nothing wrong in going.

I have come to realise one thing, that this Government as well as my hon. friend, Shri Asoka Mehta, and all those people have come to confess that in the next five years or fifteen or twenty years, it would not be possible to tackle rural unemployment, not to speak of under-employment.

Shri Asoka Mehta: I refute that.

Shri Ranga: He refutes it. But they accepted it because they have written it here. They cannot tackle rural unemployment or rural under-employment. They only tinker with it here and there. Nevertheless, what has happened? During the Second Five Year Plan, as many as 3 million people were unemployed and they are a legacy to the Third Plan as unemployed. During the Third Plan, they are going to have 5 million more. All these people are going to be unemployed. How are they going to find employment for them? They can be employed in agriculture, through small holdings, not through these big holdings with which my hon. friend, the Leader of the House, has fallen in love. He does not mind big farms. He does not mind big people, but he does not want small people. Therefore, the small, poor, kisans have got to be driven into the co-operatives, so that it would be possible for him to go on the top of a harvester or tractor from one end of the earth to the other and have the satisfaction of this great vista, an extremely exciting vista. But that is not the sort of vista that we should go in for.

They want to emphasise increase of production and employment. How can they have these if they are going in favour of co-operative farming which would result in unemployment? How can they achieve these aims if they are going in favour of large farms—again unemployment? How can they have these with bigger and bigger industries and industrial units —again unemployment? How can they attain these objectives with only basic industries on the highest scale, with unemployment? They have to develop, and depend on, small industries for this. These should not only continue to exist but should prosper and progress in our country, because labour-intensive industries are most necessary.

Both my hon. friends including the Labour Minister said recently that they were very much opposed to my hon. friend, the Finance Minister, and the Ahmadabad magnates because they wanted to reorganise their textile industry. They wanted to reorganise the textile industry and make it entirely, 100 per cent, scientific and technologically perfect. It is known as automation. No, they did not want it. They wanted labour not to be unemployed, because they know these people. Should they not extend their capacity for imagination and see to the interests of the millions and millions of peasants—64 million peasant families and their employment, and their need for self-employment?

The next question is; what sort of employment should they have? Do you want mere wage-earning employment? My hon. friend, Shri Nanda, does not want it. He had gone to Yugoslavia. He has come back and said that there should be partnership between labour and capital. But here are my kisans. There is no distinction between capital and labour. Both are combined together. On top of it, there is no need for a separate manager. The managerial service is also provided by them. The supervisory work is also done by them. On top of it, all the enterprise, initiative and incentives are built in there in the employment itself. They are the kisans. They are 64 million of them. Do you want to get rid of them merely you accept a Report like this and place it before the House?

I do not wish to take much more time. We have placed our amendment before the House. I am convinced about one thing. It is time that we make it very clear to the Government that we do not accept their planning. That does not mean that we do not believe in plan. My hon. friend, myself and others cooperated in preparing what was known as the Gandhian Plan. We were all together at that time. We went down from Delhi to Sevagram. After the death of Mahatma Gandhi Vinoba Bhave was also there. A Sarvodaya Plan was prepared. But afterwards my hon. friend has gone over to the government side and, therefore, he seems to sing a new song. I still continue to sit in the Opposition and, therefore, sing the same song. This is the only difference.

Therefore, we believe in plan. But our plan is a Gandhian plan, a plan that has for its foundation *dharma*, a plan that is based on the initiative of our people, a plan that stands for self-employment and security of our

[Shri Ranga]

people, a plan that believes in our people. My hon. friend was saying, 'Should we not have something much bigger?'. Shri Harish Chandra Mathur was very bold when he said that we could achieve very much more. Let him look into the figures here. Here is the *Progress Report on the Second Five Year Plan.* I need not go into the details. They wanted to collect small savings. The collections fell short of the target. What does it show? The Report makes interesting reading. It says:

> "The yield from public loans at the Centre and the States amounted to about Rs. 78 crores and Rs. 68 crores respectively in 1956-57, Rs. 68 crores and Rs. 10 crores in 1957-58 and Rs. 182 crores and Rs. 56 crores in 1958-59".

It is going down. Then, the report says that a number of States failed to adopt additional measures of taxation. What are they—Madhya Pradesh, Bihar, Orissa, West Bengal and Uttar Pradesh. They were not able to raise the money because they are also responsible Governments. They have got their own legislatures. They have got their people and they have found themselves incapable of raising any more money. In regard to the small savings, what has happened. The report says that the borrowings on the scale that was done strained the market considerably and the securities of a number of State Governments were quoted at sizeable discount and the Reserve Bank had to give a good deal of support to the capital market and some of the State Governments had to repurchase their own securities. This is the secret of your resources!

16 hrs.

You have not got money. You cannot raise more money in the country and add more weight on the backs of the kisans who are suffering or the middle-class who are suffering and being crushed down about whom my hon. friend was so eloquent and said that their real income had not increased since 1949, but had gone down. Your own Second Agricultural Labour Enquiry Committee has said that the real income of the agriculturist has gone down since the planning has started. Who has been benefited by this Government planning? The hon. Prime Minister is an extra ordinary personality. He says in a very disembling manner that it should be enquired into.

The Minister of Labour and Employment and Planning (Shri Nanda): Is it disarming or disembling?

Shri Ranga: I said 'disembling' manner. He said that, so that the Opposition might be pleased. He said that an enquiry should be made in order to see where the rogues are. The rogues are there behind the Treasury Benches and they are increasing in numbers.

Shri Tyagi: Behind the Treasury Benches? What does he mean?

Shri Ranga: I apologise, Sir. I mean that the Government is shielding these moneybags all over the country.

Mr. Chairman: The hon. Member must now conclude.

Shri Ranga: I conclude by saying that I oppose this Plan and we will have no truck at all with this Plan. Nevertheless, if and when we get a chance, we will certainly have a plan which will certainly speak more of Mahatma Gandhi than this Plan.

Shri Raghunath Singh: May I continue?

Mr. Chairman: We shall now take up the other business.

16.04 hrs.

DISCUSSION *RE*: CLOSURE OF PALAI CENTRAL BANK

Mr. Chairman: The House will now take up the discussion on the closure of the Palai Central Bank.

Shri Punnoose (Ambalapuzha): Mr. Chairman, I am sorry to say that the latest statement made by the hon. Finance Minister on the crash of the Palai Central Bank is unconvincing and unsatisfactory. The minimum that we expected from the Finance Minister on this occasion was that he should give us a detailed account of what has really happened. There was trouble in 1951. There was some malady from which that bank was suffering. What was its nature? Was it diagnosed? What was the prescription given by the Reserve Bank and what was the reaction? What happened in 1954? What was the degree of the trouble at that time? How did the Reserve Bank handle the position then and with what result? Again, what was the extent of the trouble in 1956 and what positive steps were taken?

There was inspection by the Reserve Bank when there was trouble in 1959-60. What positive steps were taken? The Finance Minister could have told us—he could tell us at least now—all these things. Was liquidation the only remedy? Was there no other method and were those remedies in the preserve of the Reserve Bank employed? Looking into the Banking Companies Act, I find that there are several means by which the Reserve Bank can tackle a bank or a group of banks. It is open to the Reserve Bank to dismiss all the directors and hand over the bank to directors chosen by them. May I know whether this was tried? It is open to the Reserve Bank to de-schedule a bank. Actually, I remember the Indo-Mercantile Bank was de-scheduled and it was kept out of the schedule for two years or so and then again brought back to the schedule. Was it not open to the Reserve Bank to try that way? When they found that something was at fault in the Palai Bank in 1951, why did not they think of any of these things? Not only that, at a later date, if I remember right, in 1953, they even sanctioned a branch of this bank to be opened in Madurai, a highly developed commercial town. If the Reserve Bank had taken steps at the proper time to save the situation, it is my firm conviction that the bank would have been saved of this fate and misery and the loss to lakhs of people would have been avoided. These things have not been done and I believe that the Finance Minister would at least in his second statement give us a picture of all these.

I imagine that the Finance Minister has not understood the extent of damage that will follow the crash of this Bank. Most of the 85,000 depositers come from the low-income groups. Many have lost their life's earnings. I know several cases of students who have had to discontinue their studies and many employees, including Government employees, have lost even their salary they got this month.

In 1951, the Reserve Bank found that the Bank's condition was unsatisfactory and its deposits amounted to Rs. 4 crores. They were magnanimous because according to the Finance Minister the plant of credit has to be handled very carefully and the Reserve Bank handled it very carefully! But all the time something else was happening. Deposits were increasing, year by year. More and more depositors were walking into the trap and the deposits went up to about Rs. 10 crores. The Reserve Bank which is supposed to safeguard the interest of the depositors in this country kept quiet. There must be some reason for that. If I understand the position clearly, every three months they get reports. They made several inspections. It is now quite clear that as

[Shri Punnoose]

the Finance Minister said the position was going from bad to worse. What is the explanation of the Finance Minister about the conduct of the Reserve Bank? That is the first question.

The position of the depositors is really deplorable and he holds out nothing for them. He says the tax-payers money cannot be utilised for this. But the tax-payer has a question to ask. He has a right to expect the Reserve Bank and the Finance Ministry to behave cautiously and vigilantly while handling the affairs of banks and to keep the interest of the depositors in view. It is my firm conviction that the Reserve Bank has failed in its duty in this respect.

I fear that the Finance Minister has not properly appreciated the extent of damage that the crash of this bank would do in Kerala. It is literally true that the crash of this Bank has completely upset that State and even great God cannot prevent it. I know that the Finance Ministry is capable of many things. If this Bank is allowed to go into liquidation then to my mind, nothing under the sun can prevent a general crash in Kerala. He may be getting reports—I do not know.

The Minister of Finance (Shri Morarji Desai): General crash of what?

Shri Punnoose: General crash of banks.

Shri Morarji Desai: All banks?

Shri Punnoose: In Kerala.

Shri Morarji Desai: That is what you want probably.

Shri Punnoose: I wish I am wrong, but I know things there a little pretty well. Sir, the position of banking in Kerala has got certain peculiarities. The Banking Enquiry Commission headed by Shri Ramunny Menon has reported that. We have got too many banks there. The State of Kerala is over-banked. There is a bank almost in every pakuthi. If there is a bank in one pakuthi another one is started in the next pakuthi the next day and they compete. There are banks started in the name of communities. The various Christian denominations have got banks. Nayar Service Society has got a bank. Whether they function for the community or not is another question, but they function in the name of communities. Some sort of local patriotism is built up, some sort of communal mobilisation is made and banks come into existence.

Another peculiarity of the banks in Kerala is that they have gone into the rural areas. If you will look into the statistics you will see that there are a large number of branches of banks in areas with less than 5,000 population. This is a peculiar feature in Kerala. No doubt, the existence of such a large number of banks affiliated to local areas and communities has given these banks certain advantages to exploit the people. By going into the rural areas they have made the peasant an easier vicitim of their exploitation. This is all correct. But the banks have played a definite role in the economy of Kerala. Our agriculture, our commercial crops are almost exclusively dependent on banks. We have got rubber, we have got tea and other commercial crops. They are entirely dependent on the banks for any amount that they may require. A pepper dealer, a small man who runs a shop may take loans from the bank pledging something. This has been going on all these years. I am quite sure that the crash of this bank has brought many business concerns, from the smallest to the biggest, to a dead stop. I do not know how much confidence the Finance Minister can inspire into the banking concerns to make more advances to the average man. If nothing is done with regard to this bank, if nothing is done to save the interests of depositors who have put their money in this bank, it will create a really serious situation which the Finance Minister has to take into account.

Look at the reactions this crash has created in Kerala. One of the peculiarities—I do not say it is a peculiarity for Kerala alone—of our public life is that there is the impact of communal thought and communal feelings on it. People think on communal lines. Of course, they do not take the knife and negotiate but they very often think on communal terms. There is also the feeling strongly prevalent in the State, more rightly than wrongly, that Kerala is a neglected State, that its demands go by the board, that the interests of the State are ignored. It is at such a time that the crash of this bank has happened. The Finance Minister will be interested to know the type of propaganda that is being carried on in such State today. There is a background of psychology which makes it easy for the people to carry on the propaganda also, because at the end of 1937 or the beginning of 1938 there was a bank crash, the crash of the Travancore National and Quilon Bank. At that time it was believed and it is still believed that it was not a real crash but it was a case of crushing the bank. After years of liquidation proceedings, the depositors got 15½ annas in the rupee.

Shri Morarji Desai: 13½ annas.

Shri Punnoose: I stand corrected. This is the information which I got from a leading daily.

Shri Morarji Desai: That is what Shri Mathen stated in his book.

Shri Punnoose: Probably the last instalment was paid after publishing that book.

Shri Morarji Desai: It was written recently.

Shri Punnoose: This is what I read in a leading daily today published from Kerala. Anyway, it is very easy to create the impression that the Palai Central Bank was purposefully crashed and, according to them, by dark or black hands. What should I say, Dr. Krishnaswami?

An Hon. Member: Red.

Shri Punnoose: Yes. They are caught red-handed. Is it so? Sir, I have a statement issued by three Congress MLAs in Kerala—the statement issued by Shri P. C. Cherian, Shri K. M. George and M. V. Govindan Nair, all Congress MLAs of Kerala, appearing in the Malayalam daily, *Deepika*, which is published at Kottayam. The issue is dated the 14th August, 1960. The statement says:

> "....It is not yet clear how the move to liquidate the Palai Bank was started. There are so many reasons to doubt whether there is not behind this move a conspiratorial effort to smash up democratic Kerala and its financial stability. It must be found out whether certain forces have not worked to blow up this big institution and following it the other banks of Kerala and thereby sabotage the economic progress of Kerala."

The statement continues:

> "It is said that it was on the 1st of June, 1960 that Mr. Sivaraman came to Kerala to examine the working of this bank, and to supervise the management. The same day a run started in its Thiruvalla branch....".

I would like the Finance Minister to listen to this.

> 'Is it a fact that the run started as a result of some secret information received by some people

[Shri Punnoose]

> in Thiruvalla from Bombay, the headquarters of the Reserve Bank?"

These are responsible statements made by responsible M.L.As.

The statement, in another part, says:

> "The Central Government must immediately conduct a thorough investigation into the secrets of all his labours...."

that is, Mr. Sivaraman's labours—

> "about the preparation of the religious-wise list of depositors...

It is said that a religious-wise list of depositors was prepared.

> "and also into what relation there exists between these—

The most interesting part of the statement is yet to come:

> "and the determination of the Communists that they shall not rest before smashing this bank and along with it all the other banks."

It is presumed that the Reserve Bank is acting in connivance with the Communists. I should be a happy man to know that my comrades are controlling the Reserve Bank. The M.L.As. have made another observation in the statement:

> "If it is a fact that, as is heard, Mr. Sivaraman, while examining the accounts of the bank's Kottayam Branch, coming across the accounts of *Deepika*, Kerala's Catholic Daily, exclaimed: "Oh, is this the anti-Communist paper?", that also gives food for thought."

The statement demands of the Central Government to constitute an investigation immediately and for the time being to keep Shri Sivaraman under suspension. I just read out the statement not to make a very big point out of it, but to show that this is the type of psychology that can be worked up, and that, I consider is a definite disservice to our people and to our country. Therefore, the Finance Minister must be patient enough to give us a detailed account. Brevity is of course a virtue and especially so with Finance Ministers. But in this case, I think it is not so much of a service. I want him to be a little long. He must give us the full account of what happened, why it was not attended to in 1951, what measures were taken and what measures were taken in 1954, what was done in 1958 and 1959 and how this drastic step was taken at the end.

16.17 hrs.

[MR. SPEAKER *in the Chair*]

May I ask why the management of the bank cannot be taken up by the Reserve Bank? All sorts of figures are being given by both sides. The Finance Minister has given some figures and the Directors of the bank have from their side given some figures. I do not understand the import of a sentence in the Finance Minister's statement. He says, it is not quite clear from which source the Members got these figures. I do not understand the import of this. Well, the directors of the board are supposed to know the figures and they can give those figures. I do not know why this question was raised.

They claim even today the bank is in a position that can be run. Some people say that the liquidation was applied for because there was a terrible run. But the directors contend that liquidation was applied for because it was found impossible to get the bank closed down as a result of the run. So, all facts have to come out and I want the Finance Minister to make a statement. Otherwise, it is going to create very grave misunderstandings among large sections of the people.

The Finance Minister simply comes and says that liquidation will take its own course and the depositors might get their dues in due course. That is no consolation. Can't he make constructive suggestions? I think he is capable of it. He may say that the Banking Companies Act does not provide for it, but I believe that the Act is meant for the people and not the people for the Act. We can amend an Act as we want. For, example, according to the statement of the Finance Minister, a certain percentage of the deposits can be disbursed and there are assets for that. I would make this suggestion. Let the State Bank take it over. Taking it over means taking over all the assets and that amount of liability that can be met with it. With regard to the others, of course, cases will have to be filed and people who have taken loans have to be put in the dock. If you get the money, then you can disburse it. This is the only possible way of coming to the help of the depositors.

There are 500 employees in this bank. The Finance Minister has completely forgotten them. They are useful hands. Whatever else you might say about the Palai Bank, the employees are very useful people and everybody speaks highly of their service. They are trained hands. What about absorbing them? If as I suggested, the State Bank would take up the assets and also liability to that extent, then I think a number of them can be employed and the rest can be given jobs as and when vacancies arise. The State Bank wants new hands and you can give preference to them. Therefore, these methods have to be thought of and some steps have to be taken.

The Chief Minister of Kerala made a statement yesterday saying that the Reserve Bank has taken all the steps to protect the banks in Kerala. I believe the Reserve Bank is taking steps all these years and this is the result. I am not so optimistic as the Chief Minister. I request the Finance Minister to take all possible steps to help the banks, lest they should fail. If they crash, the repercussions are going to be serious. It is going to affect even our Plan, because what little money there is for investment either in trade, industry or in agriculture, is now available only through the banks. If they go to dogs, the economy of the State is completely finished. Therefore, we have been careful about it. Then, we have always argued....

Mr. Speaker: I have allotted 2½ hours in the first instance. If the hon. Member takes half an hour, what is the time left for others?

An Hon. Member: The time has to be extended.

Mr. Speaker: But I cannot allow one hon. Member all the time.

Shri Punnoose: The moment you ask me to do so, I will sit down.

Mr. Speaker: I will allow him two more minutes.

Shri Punnoose: Therefore, we stand for nationalisation of banks. I do not want to take very sharp advantage of the misfortune of a bank, but about one thing there can be no difference of opinion. At least in Kerala the only possible proposition is that the State Bank should take it over. Because, we have tried with the present set up and we are fed up with it; we have been let down very badly. So, there is no justification for the Government to say that these banks conducted by private parties should be continued. Therefore, at least in Kerala the banks have to be nationalised immediately. A thorough investigation is wanted in this matter. Whatever statements are made, whatever pains are taken to explain matters. Unfortunately, a deep suspicion has arisen among the people that something wrong has been done but for which the bank would have been working.

[Shri Punnoose]

With regard to the directors, they are giving figures and explanations. I know that their liabilities are limied because it is a limited concern. But they should not forget that their responsibility is unlimited. Their moral responsibilities and obligations cannot be fulfilled by simply giving out certain figures that their assets are more than the liabilities and so the liquidation was uncalled for If you look into their balance sheet for 1959 you will find that their bad or doubtful or sticky debts, whatever you may call them, amounted to Rs. 16 lakhs. There is another item of Rs. 2 crores and odd that has been given with no security other than personal security —an advance of more than Rs. 2 crores on simple personal security. It is a fact. Here I would ask: what explanation is there for that?

Of course, I do not want to run down the directors now, whatever they might have been doing during the days of their glory. It would be unbecoming of me to run them down today. But they have to come before the people and explain it instead of simply saying "Look at Delhi" or by pointing an accusing finger at Shri Sivaraman. Even thousand Sivaramans cannot do anything to a bank if it is basically sound. They have done permanent damage to the bank and thereby they have dug their own grave. They have let down the country and they have betrayed the people, people who have believed them. This is a fact.

I will conclude with another point. 1951, 1954, 1956, 1959 these are the years of trouble for the bank, and that is given in the statement itself. Curiously enough, these are the years, very significant years, in the history of Kerala also.

An Hon. Member: General elections.

Shri Punnoose: These are years of financial difficulty for the bank. These are equally years of political trouble in Kerala, rather convulsions. In 1951 there was general election, in 1954 there were elections in Kerala alone, 1956 another general election. In 1959, you all remember very well our discussions here, our Prime Minister went to Kerala and diagnosed the disease as mass hysteria. I want to know whether this hysteria had its effect on the bank. Because, when hysteria comes it affects everybody. And the leading Malayalam daily, *Malayala Manorama* says that the State Government and the Central Government should take immediate steps to reconstruct this bank, because the leaders and organisers of this bank were those who were connected with the libration struggle. Well, we were speaking about hysteria. When people have hysteria I have seen them throwing out purses and valuables. I do not know whether this bank also threw out money when it was suffering from hysteria.

All these things have to be examined. I also want to know whether the Communist Party has done anything to damage this bank, or they have taken a vow to see that all the banks are samashed. The Home Minister can assist the Finance Minister in looking into this by an immediate enquiry and the facts of the case will come up to the surface. As I suggested earlier, the State Bank must take up this bank. It is not a question of one bank and its depositors. It is a question of the economy of a whole State. That is the justification for taking it up and for the nationalisation of banks in Kerala. With these words I conclude.

Dr. M. S. Aney (Nagpur): Sir, I want your indulgence....

Mr. Speaker: The subject under discussion is Palai Bank. He can sit and speak if he likes. But the subject is Palai Bank. There are other banks also similarly situated.

Dr. M. S. Aney: I am speaking about both.

Mr. Speaker: I am not going to allow it.

Dr. M. S. Aney: I shall refer to the Palai Bank as well as to the Laxmi Bank.

Shri S. M. Banerjee (Kanpur): About the banking industry as a whole.

Mr. Speaker: He may not refer to Laxmi Bank.

Dr. M. S. Aney: I shall make a reference to that also. It is somewhat similar. But I shall speak mainly about the general principles.

Mr. Speaker: He may sit and speak if he likes.

Dr. M. S. Aney: I wish to participate in this debate as I feel that the attitude which the Government takes towards the two banks, namely, the Palai Bank and the Laxmi Bank of Akola, is likely to have far reaching consequences not only on those who are immediately concerned as shareholders and depositors in these two banks but on the general rural economy of those parts of our country in which these banks have been carrying on this business.

I was glad to find that the hon. Minister of Finance tried to approach the problem from the point of view of certain broad principles that should govern the relations between the Reserve Bank and the scheduled banks and the extent of liability which the former bank bears on account of certain powers of supervision and control over the latter under certain provisions of the Banking Companies Act, 1949. One great advantage of such an approach is that the general principles thus clearly enunciated make it possible for the Government to evolve formulae for relief for any banks that may unfortunately come into distress and leave little ground for a charge of favoured treatment shown to some banks and discrimination made against other banks.

A uniform policy in devising methods and measures of relief of the depositors who are the most innocent victims in the financial crisis, which the liquidation of a bank entails, is absolutely necessary. The faith of the common people in the impartiality of the Government in its dealings with its subjects is as necessary as its generosity to stabilise their loyalty to the sovereign Government and their willing co-operation in the great work of their uplift which the Government has already started by launching the five years' national plans. I have therefore noted with great satisfaction the observation made by him almost at the end of the statement that "any concession will have to be extended to other institutions similarly placed."

Now, I submit that the Government should carefully note that the institutions like Reserve Bank in discharging their duties should scrupulously avoid if not altogether refrain from taking measures which though perhaps technically correct are likely to add to the economic misery of thousands of people and throw a considerable number of them in the category of paupers.

At a time when the Government is making a supreme effort to raise the national income and banish poverty and pauperism from India and proudly claims to have succeeded to some extent in their objects in the last 9 years, by having effectively carried out two five year plans, it is an irony of fate that in the short period of three months in the year of grace 1960, the Reserve Bank of India has taken steps to apply for liquidation to the High Court two Banks, Lakshmi Bank of Akola and the Palai Bank which have been carrying on business for the last 20 years or so mostly in the rural areas of old Madhya Pradesh which included Vidarbha and in the areas known as

[Dr. M. S. Aney]

the State of Kerala respectively, thereby jeopardising the financial position of a large number of persons who deposited their life-savings in the two banks, feeling the institutions as very safe and secure for investment as they were working as scheduled banks under the supervision of the Reserve Bank.

The Finance Minister has himself very candidly and truly observed,

> "The liquidation of any bank and particularly a bank with large deposits is a tragic event which brings in its train privation and hardship to thousands of people, big and small."

How can the Government which calls itself the Government of the people afford to be unsympathetic to the plight of the depositors? As proof of their sympathy towards the depositors, the Finance Minister has very confidently pointed his finger to the various amendments to the Banking Companies Acts made within the last few years. While not lacking in my sense of gratefulness to the Government for what they have done to amend the Banking Companies Act to protect the interests of the depositors and also for such other amendments as they may propose to make in the light of present development hereafter, I beg to suggest that these statutory improvements cannot help the depositors who have to suffer at present owing to the liquidation of Laxmi Bank and the Palai Bank. The improvements in the Act may save depositors of those fortunate banks against which the Reserve Bank has not so far applied to the High Courts for liquidation. Unless retrospective effect is given to the contemplated legislation, it will not help to protect the banks which have been liquidated, now. A hungry man cannot feel any satisfaction by an assurance that the Government is going to start poor houses to provide food to all those who have no income to get it for themselves in the near future. Their scheme is complete and even the draft of the necessary legislation to bring it into existence is ready. It will of course require some more thinking for the scheme to be announced and some final touches at the hands of the legal experts for the Bill to be introduced in the legislature. It is a question of some little time. This assurance, however generous and genuine, cannot save the hungry man from the agonies of starvation. He requires food and nothing but food to eat first and everything else afterwards. The position of the depositors of the two banks mentioned above is that of the hungry man.

The Finance Minister has taken pains to explain the exact implications of the inclusion of the name of any bank as a scheduled bank. The Finance Minister says:

> "There appears to be a mistaken belief that because a bank is a scheduled bank, the Reserve Bank or some one else has guaranteed the proper working of the institution and has in some way underwritten the deposits. The mere fact that the bank is entered in the second schedule to the Reserve Bank of India Act does not carry with it any such implications."

Perhaps, legally, the view propounded by the Finance Minister may be correct. The view of the Government is, in short, this. The Reserve Bank is something like a department of police, whose officers move round the city at night in order to protect the life and property of the people. But, if there be a theft, the police will only undertake to investigate into the offence but not to recover the property lost nor to compensate the loss in any other way if the stolen property is not recovered. This is what I may call the police view of the responsibility for security of property. The people feel that one of the main reasons for non-detection of offenders and non-recovery of valuable property even in big cases of theft, robbery and dacoities, let alone petty pilfering and pick-pocketing is absence of responsibility on the part of the State to compensate the man wronged when their agents the police officers fail to dectect the offenders and recover the properties lost. According to me, one of the greatest reasons for the existence of corruption in the Police department perhaps on a larger scale than in other departments is this absence of liability to compensate. The rank and file are maintained at the cost of the people, but when they fail to do the service, the master says: he has tried and failed, what can I do? He says this because the law made by him does not fasten that responsibility on him. This police view of responsibility cannot be said to be the correct view in my opinion. It falls short of the responsibility which, looked at from a moral point of view, the Government of a Welfare State should keep before itself and its officers, particularly in regard to those activities which are closely linked with the moral and social welfare and economic uplift of the people. Our Government has a socialistic pattern before it. It should nationalise the banks as it has done the insurance business. If for some reasons the Government does not want to take that step, it should at least exercise strict supervision over the business of the private banks which it permits to exist and carry on. If by the reports published by their supervising agency from year to year a sense of security about the solvency of the bank is created among the people, and the people act upon that belief, it will be wrong from the moral point of view to call that belief a mistaken belief. The Government of India must not merely preach and teach moral principles, their actions in times of real distress should show that they are alive to this high moral responsibility also, and they should not make any attempt to white-wash the negligence of the Reserve Bank or any other agency that they have set in motion to work for them, taking shelter under the plea of non-liability in law. There is a kind of fiduciary relationship between the Government of a Welfare State and its subjects.

This is the viewpoint from which these disasters have to be looked at. Depositors should not suffer because the Reserve Bank, the warden appointed by the Government, connived at certain wrongs for an unduly long period in the vain hope that in course of time things would improve. In the case of the Lakshmi Bank I learn that a mistake was found in 1946 or 1950,......

Shri Morarji Desai: No, no.

Dr. M. S. Aney: ....and all these years it has remained unrectified. People who look at Government supervision and certificate for good management as guarantees are misled, to find ultimately that they have lost everything they saved in their lives to support themselves in old age and to bring up their children to proper manhood.

In regard to the crisis of the Palai Bank, I found that the Government of Kerala was very alert and solicitous for the protection of the depositors. It has identified itself with the poor depositors of the State. But I am sorry to find that the State of Maharashtra did not seem to realise their responsibiliy towards the depositors in the Lakshmi Bank. Was it because most of them are living in Vidarbha? I hope it is not yet too late for that Government to move in the matter and urge on the Union Government to do everything to secure justice to the depositors of the Lakshmi Bank.

Shri Tyagi (Dehra Dun): On a point of order, Sir. I plead that the standing orders and rules of the House should not be compromised to this extent. The hon. Member is reading like an address. I would suggest that you might now ask him to say orally all that is left.

Dr. M. S. Aney: There are only two sentences left, and I will finish.

In the end I fervently appeal to the Finance Minister to take a broad view and solve the problem in the best interests of the depositors in both the banks. I am prepared to discuss with the Finance Minister the whole problem of the Lakshmi Bank in detail, to show that the case of the relief to the depositors of that bank is as good and urgent as that of the depositors of the Palai Bank, if he would give me some time.

I am sure that he will not fail to extend to the depositors of the Lakshmi Bank the concessions which he will ultimately decide upon to give to the depositors of the Palai Central Bank.

I thank you for giving me this opportunity to intervene in this debate and express my views.

Shri C. K. Nair (Outer Delhi): We have two statements by the Finance Minister before us. I have been hunting and hunting for the great secret, but I could not find anything. The whole money is intact in various securities, but the fear is that it is not recoverable. The other fear is that it is sticky. I wonder what Government have done about it. The stickiness has been observed since 1952, that is, for the last eight years. What lubricant have Government applied to remove the stickiness? Ultimately, when the fact comes, they say that the bank should be liquidated. For what reason? For what corruption? For inefficiency, of course; it is almost understood, that is all, but that also has not been proved at all.

We all fear that there must be some secret truth hidden in the statement. I have been waiting for it, but nothing has appeared. In the first statement, it was mentioned that out of Rs. 8½ crores or so due to the depositors, only Rs. 1½ crores were available, and the rest had gone. We do not know where it had gone.

Then, strong words were also used in that statement. It was said that if Government should come forward to help the bank, it would be like throwing money into the drain, and then, the question of stickiness was also brought in. These were the two strong phrases that were used especially with regard to a bank just on the point of liquidation; when people have been looking forward to Government who are spending crores and crores of rupees for development and for bettering the economic condition of the country, a statement comes here suddenly about the liquidation of a bank which has been doing great work in the State of Kerala; at least, we should know what it was that was troubling Government. We have not heard anything about it so far.

Even on that day, when we read *The Hindustan Times*, we found that a great anxiety was expressed that we should try to help the bank. Today, it is reversed. And they say, no, bad examples should not be set up, and bad precedents should not be created. Why should this happen? I hear today that there is a threat of some resignation by the high officials of the Reserve Bank. That is also a talk of what is called......

Shri Morarji Desai: May I say that my hon. friend may not depend on all rumours that he has heard? It is absolutely untrue to say that any officer has said anything of that sort.

Shri C. K. Nair: If it is not true, then that should be contradicted. But this was what I heard in the lobbies. All these things point to something like the Mundhra deal. Many lakhs of rupees were spent to find the truth, but the truth is still at large. We have not been able to find the truth. There are so many casualties in that case. For God's sake, let not the truth be hidden in this case. We want the truth, the truth and nothing but the truth. Let us not create a scare by saying that it is sticky and that it is irrecoverable and what is available would not be sufficient.

I might tell the House that there is great discontent among the public about the manner in which this Palai Central Bank case is being dealt with by Government. Therefore, we have to be very cautious. It is very easy to go and liquidate a bank, but it is very difficult to save it. I hope that our Finance Minister, who is a very capable man, can find ways and means to save the bank or at least to merge it with the State Bank; at least, we expect the truth to be discovered; merely saying that it is sticky and it is irrecoverable is of no use; that is no reason; that is only an opinion. Opinion is not proof. We want positive proof that it is sticky. We want proof at least that it is irrecoverable.

Therefore, although I feel a bit excited because of the way in which the whole case has been dealt with and talk has been going on in the town, I would certainly make a very humble and fervent appeal to the Government to look again into the case and try to find out the full facts. Otherwise, it is going to create further trouble in the furture not only for this bank but for other banks. We should try to know the truth. What I fear is that if the liquidation proceedings go on, the truth will never be discovered. If the Government were anxious to find out the truth, the liquidation should never have been hurried. These are the things which I have to submit.

Shri Maniyangadan (Kottayam): I do not want to go into the disastrous effects of the failure of this Bank. The initiator of the discussion has gone into that. From the statements made by the Finance Minister twice in this House, it is clear that he is aware of that. Several thousands of depositors have lost their money; several employees have lost their jobs, and more than that, the financial structure of the State of Kerala has been shaken. I do not want to deal with these aspects.

I want to deal with the question that arises from the statements of the Finance Minister, also certain statements made or figures given by the authorities of the Palai Bank and the necessity for taking this drastic step. From the statement of the Finance Minister as also from the petition filed before the High Court of Kerala, it is seen that the affairs of the Bank were not being properly carried on from 1951 onwards. But the Finance Minister would say that the Reserve Bank has no responsibility either to the depositors or to the other creditors of the Bank merely because it is a Scheduled Bank. I do admit there is no statutory liability. But I would draw the attention of the House to section 42 of the Reserve Bank of India Act. Section 42(6)(b) gives the power to the Reserve Bank to direct the exclusion from the Schedule of any Scheduled Bank on three conditions. The second condition is: if in the opinion of the Reserve Bank, after making an inspection under section 35 of the Banking Companies Act, the Bank is conducting its affairs to the detriment of the interests of its depositors, action can be taken against it.

I would respectfully submit that if the Reserve Bank after inspecting the Bank under section 35 of the Banking Companies Act was convinced that the affairs of the Bank were not being conducted to the best interests of the depositors, then action should have been taken earlier. On the contrary, this Bank was allowed to open a branch in Madurai in 1953 or 1954. Not only that. There was no whisper anywhere that the affairs of the Bank were mismanaged. We also see from the business of the Bank that the deposits were increasing. So the depositors were led to believe that the Bank was being carried on properly. The power vested in the Reserve Bank gave them confidence that there would

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be no trouble because it is a Scheduled Bank. In the circumstances, the Palai Bank being a Scheduled Bank, the Reserve Bank has a responsibility to the depositors. If the affairs of the Bank were not so mismanaged, I would submit that this step should not have been taken. From the figures that are available here, it is stated that on the 5th of August, 1960, the total liabilities, both time and demand, of the bank came to about Rs. 8·77 crores and the bank had liquid assets to the extent of Rs. 3,48,60,417. I do not know how any of these figures could be disputed This figure was arrived at as follows:

Balance with the Reserve Bank	45,61,758
Balance with the other banks	61,42,674
Money at call	2,00,000
Cash on hand	46,54,574
Investment in Government securities less borrowings	1,73,01,411

So, the bank had liquid assets available for paying to the creditors as and when demanded to the tune of more than Rs. 3 crores. It will be noted that the demand liabilities of the bank was only Rs. 2·34 crores. So, on the 5th of August, the position was that the bank had surplus amount at its disposal after meeting all the demand liabilities. Of course there were the time liabilities. The bank had other assets as well. This was the position. Over and above this, it had Rs. 5·5 lakhs worth shares and debentures. The advances may be sticky and some of them may even be unrealisable. Even then a good part of them also remains. My submission is that this drastic step taken by the Reserve Bank was uncalled for in the circumstances that prevailed on the date on which this petition was moved. Is there any bank in India which is so sound as to meet the demands of tax-payers like this bank? Which bank can have at its disposal such large amounts? If any bank is faced with so serious a run, there would be some difficulty. If it is a scheduled bank it is the duty of the Reserve Bank as guardian of the monetary affairs of the country to come to the aid of the bank to tide over the difficulties. No financial aid from the Reserve Bank came at all. On the 8th of August when this petition was moved, there was no necessity for the Palai Bank to get any financial aid from the Reserve Bank. On the other hand, they had a surplus amount. Of course subsequently, if this run had continued, there might have been some necessity and the Reserve Bank should not try to kill the bank by these liquidation proceedings. The Finance Minister rightly said that the Reserve Bank was not there for starting liquidation proceedings. I agree with that, but this is exactly what has happened.

Now, regarding the sticky and other funds, I may say that this Palai Bank was started in 1927 and it was the Travancore Companies Act that was in force in that State. Subsequently, the Banking Companies Act of 1949 came into force in 1951 and this Bank also came within the purview of the Reserve Bank. Till that time the Bank was functioning according to the provisions of the statute under which it was incorporated.

17 hrs.

Now, a good amount was advanced on the security of land. It is a well known fact that in South India, especially in Kerala, land is considered to be the best form of security, and every bank used to advance loans on the security of land. This bank also advanced money on the security of land. It is now, I am informed, considered to be 'sticky'. It may be that for proper banking business advancing money on the security of land may not be good—I have no dispute about that,—

but the circumstances that prevailed before the Banking Companies Act came into force or before the Reserve Bank took control over the bank must be looked into and it is only then that a decision should be taken.

As regards the 'stickiness', I may bring to the notice of this House another instance wherein the Reserve Bank refused licence to a small bank in Kerala, a bank by the name Bharananganam Bank. After inspection the Reserve Bank found out or came to the conclusion that the affairs of that bank were not being run in the interest of the depositors because a good portion of the advances were 'sticky'. The licence was refused on 12-2-1957. After refusal of the licence, by 13-8-1957, within a period of six months, that bank was able to pay up all the deposits. Cent per cent of the deposits were paid back within six months of the refusal of the licence by the Reserve Bank. Then, the share capital at eight annas in the rupee was paid on 30-4-1958 and another four annas in the rupee was paid of the share capital on 16-12-1960. A further share capital of Rs. 16,630 remains to be paid but assets to the extent of Rs. 21,512 remain to be realised. I am bringing to the notice of the House this case to show whether the standard fixed by the Reserve Bank for ascertaining whether a bank is sound on advances of money on the security of land—which is considered by the Reserve Bank to be 'sticky'—is correct having in view the special circumstances that prevail in Kerala. Here is a bank which could pay off all the deposits within a period of six months, which could pay off all the share capital and yet have some surplus. Therefore, the standard now adopted by the Reserve Bank is not fully applicable to this bank.

Therefore, my submission is that the question whether certain debts are sticky or not is not very material as far as this bank is concerned, and up to the date on which this petition was moved there was no information to anybody, to any of the directors that these steps were being taken.

Now, one of the main points alleged is the terrible run on the bank. I may submit that the run started only in July. The total deposits of the bank on 24th June was Rs. 9·82 crores. On the 1st July it increased to Rs. 9·92 crores. So up to 1st of July there was no run on this bank at all. I have got these figures from the petition filed before the High Court. On 1st July one Shri Sivaraman was appointed as the General Manager of the Bank. He was an Agent of the State Bank in some branch. He was appointed as the General Manager as desired or as instructed by the Reserve Bank of India. When Shri Sivaraman took charge of the bank as General Manager, the rumour spread that the Reserve Bank of India as a preliminary step for liquidation of this bank had appointed somebody and he had taken over charge of the bank. Naturally, the run started. It started first at the branch at Thiruvalla. That is Shri Punnoose's place, and the discussion on this subject was started by him. I do not know whether he had anything to do with it or the Communist party had anything to do with it! (*Interruptions*) I do not say that he had anything to do with it. Whatever that be, the first branch of the bank where the run started was the Thiruvalla branch. For three or four days since the run started, they were able to pay all the demands. Then it stopped there. It again started at a place called Chenganacherry. There also, for two or three days, there was a run. It went on like this in two or three other branches of the bank in Kerala. Practically the run subsided by the end of July. Then there was the run in the New Delhi branch. The figures will show that by the time the liquidation proceedings were moved, the run had also subsided, and the bank had started almost normal functioning. This was the actual position on the 8th. Then the Reserve Bank, in their wisdom, thought fit to file the petition.

I do not know what is the reason. Anyhow the final blow was adminis-

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tered on the 8th August. The deposits are, according to the Reserve Bank's petition, Rs. 8·5 crores. On the 5th August, the deposits were Rs. 8·7 crores. So, from 3rd August there has been an increase in the amount of deposits. You will find that several persons who withdrew their deposits had re-deposited the amount in the bank. Several persons who had issued notices for withdrawal of deposits had withdrawn their notice. This was the actual position on the 8th August, when the petition was filed before the high court.

So, my submission is, on this date, there was absolutely no necessity for the filing of that petition. From the proceedings from 1951 onwards, you will find that after the first inspection, the Reserve Bank asked the people of this bank to appoint an adviser in consultation with the Reserve Bank. They did that. A banking expert was appointed and that continued up to the appointment of Shri Sivaraman as the general manager of the bank. There were other officers who were authorised to attend the board meetings of the bank. According to the officers of the bank, after the first inspection, no money has been advanced as unsecured debt. There were instructions issued by the Reserve Bank that no money should be advanced without security. That instruction was followed by the bank. You will find that the amount in the accounts increased because of the interest accrued or added on every year. In the books of the bank, we find that the amount standing as unsecured advance has increased, but it is because the interest on the advances which were made before 1951 accrued every year and it was added on. This was, I think, put a stop to subsequently.

So, the Palai Bank was following all the instructions given by the Reserve Bank. After Shri Sivaraman came to the scene, the Reserve Bank wanted that two other people should be also co-opted to the Board of Directors and the Reserve Bank sought the advice of the Kerala Government for co-opting the two people. The Kerala Government suggested one retired High Court Judge and one retired District Judge to be co-opted to the Board of Directors. The Bank co-opted Shri G. Kumara Pillai, a retired High Court Judge and Shri K. Padmanabhan, a retired District Judge on the instructions of the Reserve Bank of India. They had the opportunity to attend only one board meeting; that was sometime in the second or third week of July.

After they were co-opted, there was a board meeting. The General Manager was also present at that meeting. Of course, at that time, there was run and all that. They thought, what should be done to make the people feel that the position of the bank is sound. Then the suggestion came that if two or three branches are opened in different parts of India, the confidence of the people would be revived. So, the General Manager was authorised to go to Bombay, meet the authorities of the Reserve Bank and get their permission for opening the branches. So, he went to Bombay, I think on the 28th July. There was a meeting between Shri Sivaraman and the Reserve Bank people at Bombay.

Immediately on returning, he sent telegraphic instructions to the board of directors for a meeting on the 8th afternoon. There was a meeting on the 8th afternoon. The main agenda of that meeting was, what amount should be paid by the Palai Bank to the development loan floated by the Kerala Government recently. That was the main agenda in the meeting which was telegraphically convened by Shri Sivaraman. After the meeting started, he got a telephone message from Ernakulam saying that orders have been passed that the bank is to be liquidated. This message is conveyed to all the other directors, including the nominees.

Shri Tyagi: Dramatic.

Shri Maniyangadan: These are the circumstances in which this bank came into liquidation. My friend stated that there were certain queries asked by the Reserve Bank on a communal basis and all that. I do not attach much value to that. But I would submit it is novel in the history of banking business in India that the Reserve Bank should call for information as to how many Christians have deposited money, how many Cahtolics have deposited money, etc. But in the case of this bank, that was done. I do not know the purpose why that was done. That was also sometime back.

Considering all this background, I would submit there was something sticky about the position. On the 21st July, after the latest inspection by the Reserve Bank, they got instructions and a circular letter. That letter says, the directors of the Palai Bank are asked to submit their explanations within a period of 30 days. The letter is dated 21st July, 1960. Within 30 days they are asked to explain and in case they do not submit their explanations, it will be taken that they have no explanations to submit. Further that letter says, "You are given 12 months' period to rectify the mistakes pointed out in the inspection report". The mistakes were the old mistakes—some advances which were not secure should be made secure and all that. So, they were given on the 21st of July one year's time to rectify the mistakes and 30 days' time to answer the questions raised in that letter. But from 21st of July they did not wait for 30 days and on the 8th of August this has happened.

Further, another circular letter was issued by the General Manager, Shri Sivaraman to all the branch managers on the 25th of July. That circular letter says in the second paragraph:

> "While every effort should be made to secure fresh deposits at rates laid down by head office from time to time, the lending side of the bank's business should receive special attention of managers...of the bank."

This circular is dated 25th July, and this was issued by the General Manager to all the branch managers. It is after this circular that he goes to Bombay and, according to the first statement made by the Finance Minister, reports to the Reserve Bank that no other alternative is left now other than the liquidation of the bank. One fails to understand what was behind the mind of the General Manager when he issued the circular and when he convened the last meeting of the board of directors if he was going to Bombay to say that "the bank must be immediately liquidated, otherwise the whole thing will go to the dogs". My submission is that it is really ununderstandable what happened in between.

Shri Tyagi: Perhaps it was a camouflage action not to enable them to get scent of what was coming.

Shri Maniyangadan: May be, I do not know what was lurking in his mind. But the inspection report and the covering letter dated 21st July cannot be a camouflage. The Reserve Bank gives them one year's time to rectify the mistake. That cannot be a camouflage at that time. And if you examine the previous inspection reports, you will find that there is not much difference between all these reports. It is under these circumstances that the bank happened to collapse.

Of course, I do not know how much amounts are due from the directors and all that. It is said that some amounts are due from the directors. But my information is those amounts were due even from 1951. Some of them were realised subsequently and some of them are outstanding still. I do not know what the present position is, but whatever may be the position, the shareholders and the employees of the bank are in a very difficult situation. What is the way out? This is not due to their mistakes. I am not pleading for the directors of the bank

[Shri Maniyangadan]

here. Neither am I pleading for the Palai Central Bank as such. Here the whole financial structure is at stake. Here so many other institutions are at stake, the country and especially Kerala is facing a crisis on the financial side and its developmental activities are going to be affected by this. So, taking into account all these things, what has to be done?

I read in the papers certain suggestions. There were certain suggestions made in the memorandum submitted by some Members of Parliament that the State Bank should take it over. The Finance Minister has categorically turned down that suggestion. I do not know whether that would be accepted by him subsequently on second thoughts. Whatever that be, I would suggest that something of that short should be done. I read in the papers that some of the depositors have made a suggestion that they are prepared to leave a part of their deposits as reserve or security for bad or doubtful debts in case the bank is revived and that they need be paid back only after the amounts are realised. I cannot say that it is a firm proposal though I have read it somewhere in the papers. If any such proposal comes up, the experts here should consider such a proposal sympathetically and accept it and allow the bank to function as a running concern. Of the present directors, two are Reserve Bank nominees. There are two other directors one of whom is a banker from Mysore and the other is a retired High Court Judge of Kerala. All the directors may be removed if it is allowed to continue as a running concern. Then the depositors would be safe and the faith of the people in the Reserve Bank and in the financial structure would be restored. So in the circumstances I would submit that the Government should come to the aid of the Bank for its reconstruction.

Dr. Krishnaswami (Chingleput): Mr. Speaker, Sir, there is this merit about the hon. Finance Minister's statement that it states in clear and unambiguous terms the stark philosophy with which I may not agree but which has its advantages to consider especially as it is shorn of ambiguities. There are two issues which face this House. Was the closure of the Palai Bank justified? Secondly, how are the depositors' interests to be protected fully and adequately? Since I am going to deal with the second issue at considerable length, I will not be in a position to examine the various arguments that have been advanced on the floor of this House on the question of the Palai Bank's assets.

I should like to point out that even if the figures which are given by the directors prove to be correct, my hon. friend, the Finance Minister, has pointed out that in any case the Reserve Bank was bound to liquidate that bank. This is what he states:

> "Even if the available assets were somewhat larger, I do not think that this would have made any difference to the final decision of the Reserve Bank."

This is a strange statement to make and I should like the House to underline the importance of this statement. I should also like to point out that the test of liquidity which has been put by my hon. friend is extremely narrow. What would be considered to be liquid by a moneylender is not the same thing as that which should be considered as liquid by a bank. The test of liquidity that has been adopted by my hon. friend is extremely narrow. We may have continuous arguments on this, but at any rate the one effect of having continuous arguments on this matter would be only to have a post-mortem investigation on the affairs of the Palai Central Bank.

The main issue which faces this House is: What is the approach to this important question of deposit banking? How are we going to ensure a mobilisation of savings in our country? In this connection I should like to underline certain aspects of the statement made by my hon. friend, the Finance Minister. In simple language he has stated: We will do our best through the Reserve Bank which is clothed with ample powers of inspection, control and direction. But when we feel that nothing more can be done we think it equitable to stop the bank functioning rather than allow the more enterprising and vigorous lads to walk away with their saving leaving nothing for the bulk of the depositors. Surely a bank failure is basically not a solution and a system which accepts its helplessness in certain circumstances is an inequitous system particularly if the banking habit is to develop in our country.

We have been talking of the mobilisation of savings day in and day out. It is not enough to fall back on the legal argument that neither the Reserve Bank nor the Banking Companies Act stands guarantee to the depositors. Of course, in a court of law no depositor can sue the Reserve Bank. That is clearly understood. But so long as a financial institution is permitted to start or exist the assumption of an ordinary citizen is that he can safely keep his savings or earnings in the bank. This logic should also entail a responsibility on the Reserve Bank and the Union Government to see that banking laws and their administration are such that a depositor's money is protected hundred per cent.

I need not elaborate the aspects of these arguments. But, I do wish to point out that it is necessary in all these cases to take a much more farsighted view of our obligations to depositors. The lessons of the recent bank failures must go a little beyond, may I say with great respect to those who have preceded me, the immediate issue of protecting the depositors of one bank. We have to look at the whole structure of our banking system and find out in what direction we want it to move. It is absolutely necessary that we should re-examine our ideas of certain aspects of deposit insurance. There was a time when some people recommended the adoption of deposit insurance. But, one witnessed that no decision was arrived at on this question because we were always up against a classic dilemma, namely, that if the banks are very sound, they do not need to insure their deposits and if the banks are hopelessly rotten, any insurance system will break down. The time has now arrived when we should evolve a compulsory deposit insurance system which would ensure that the funds are safe not only in the scheduled banks, but also in the non-scheduled banks as well. The cost may be a bit high, but it would not be prohibitive. But, the benefit that accrues to society would be considerable. But, the more important question that faces us is a much larger one. I should like to draw the Finance Minister's attention to this matter.

What is the direction in which we want our banking system to move? Normal Unit banking as is understood in the U.S.A. is not in consonance with our history and tradition. As it is, what has happened is, we have a few large banks, about 15 or 20, which are very solid and respectable, which between them account for about 98.5 per cent of our deposits. It is only 1.5 per cent or thereabouts in deposit in the scheduled banks or in the possession of smaller banks some of which are good, and a few of which are not so good. These smaller banks have also got a part to play in our economy. They are regional banks. They attend to regional needs. They fill a gap in the banking service which ought to be taken into account and provided they function efficiently we should allow them to continue. We have to ask ourselves straightaway now whether there is any justification for the discriminating treatment that we have meted out between scheduled and non-scheduled banks in our Banking Companies Act.

As every one realises, the non-scheduled banks are really weaker banks. What are the obligations of the Reserve Bank in the welfare society of ours? The obligations of

[Dr. Krishnaswami]

the Reserve Bank are merely to inspect and not to give any assistance to the weaker banks, the non-scheduled banks in our economy. As regards the other scheduled banks, I suppose, from the statement that has been read out,—the Reserve Bank will inspect, control, and can even remove management, but will stop short of giving assistance when there is a run on a scheduled bank. The Reserve Bank is expected to maintain order in the banking world. If the banks do not listen to their directions, if the banks do not listen to their advices, if the banks do misbehave, then, according to the philosophy of my hon. friend, the depositors largely will suffer. This is an intolerable situation. The time has arrived when we should do some re-thinking on the fate of our depositors in our economy. Certainly, we must have built-in safeguards in our banking policy, safeguards which will protect the depositors, not in a half-hearted way by assuring them thirty Naye paise in the rupee, but fully and completely.

To suggest that the Reserve Bank should exercise the option somehow or other to merge the Palai Bank and even the Laxmi Bank with the State Bank is not such an unwise proposal as some people make it out to be. My hon. friend in the concluding portion of his statement pointed out that it is not proper to ask the general taxpayer to pay for the losses of an individual concern and any concession wlil have to be extended to other institutions similarly placed. I am sure the House will not consider me as wanting in sympathy for the plight of the depositors if I invite its attention to the wider implications of such a proposal.

I want to make it clear at the outset that not a single naya paisa need be paid from out of the Consolidate Fund to the depositors. When some of us say that the State Bank should take up this concern, we have in view the large-scale economies that would flow from the integration of a small bank with a larger bank. Walter Bagehot once pointed out that what is considered to be a sticky debt in the case of a county bank ceased to be irrecoverable when there was a merger with a larger provincial bank. The State Bank has deposits to the tune of Rs. 380 crores. I am excluding for the moment the counterpart funds which are deposited in it under PL 480. A large-scale bank taking up the assets and liabilities would be in a position really to effect an improvement in our situation. And after all, the percentage of deposits which fall outside those which are solid and durable are about 1.5 or thereabouts, and even then about 40 per cent or so might be the maximum that we shall have to take over.

It might be suggested that the State Bank, which is a strictly commercial concern, should not be authorised to take up this thing, but whoever said that the State Bank was guided purely by commercial considerations? On every occasion we have said that the State Bank is a public institution which, while it respects commercial principles, should also promote social objectives. Was it without reason that we authorised the Finance Minister to place the counterpart funds under PL 480 in the State Bank? Why did we do it? The reason was that if we placed it in a normal commercial bank, a pyramid of credit could be built up, and there would be greater profit for the individual bank. In the case of the State Bank we did not want it to have any such profit, and it has been working on the principle of no-profit.

Secondly, we have authorised the opening of 400 branches, many of which are uneconomic, to spread what I would call the banking habit throughout our country. Even assuming for a moment that we incur losses and thus diminish the rate of profitability of investment in such banks, the benefit of such mergers to society would be more than considerable over a long period, because there would be no shocks to public confidence, and certainly the State of Kerala which is facing great difficulties would experience few shocks, and it would be a great advantage to the economy of India as a whole if there were this integration.

I cannot resist the reflection that at times the layman is a more profound economist than the technical craftsman in any specialism. I cannot help feeling that my hon. friend, the Chief Minister of Kerala, is one of nature's economists, as he hit the truth when he suggested that this integration would be really useful from many points of view. Financially, it would not be a loss, and certainly in the long run it would be of great advantage. Not a single naya paisa need be paid out of the Consolidation Fund. Taking over these branches of these banks which are about 25, in the case of Palai and forty in the case of Lakshmi Bank, would pay ample dividends, over a period since these banks have done pioneering work in many of the rural areas. The depositors' savings would be assured, the shock to confidence would be minimised, and there would be greater mobilisation of savings. In addition, let me also point out to my hon. friend that this option to take over these banks can be exercised only on the recommendation of the Reserve Bank. If it cannot be done immediately without amending the Banking Companies Act let us amend it immediately, for what we do require today is to protect the interests of depositors a hundred per cent and not 30 per cent as some have argued in this House. Commonsense, humanity and even financial wisdom dictate such a course or courses similar to this. There is only one thing which stands in the way of our Government. We are suffering from amnesia. What has happened? We are on the strategic heights, but we have lost all consciousness of the grand principles of strategy. From our point of view, from the point of view of Parliament, from the point of view of the Cabinet, I venture to think that it would be wise and proper to take in hand the scheme of integrating some of these banks and thus restore confidence. Other measures against those who have been responsible for the misapplication of funds can be resorted to in courts of law, but the main interest of society should be the mobilisation of savings, and unless depositors' interests are protected hundred per cent, there is very little chance of our mobilising savings. The problem of Kerala is also the problem of India.

Mr. Speaker: Now, Shri Mohammed Imam.

Shri Tyagi: May I speak?

Mr. Speaker: First, I shall give opportunities to Members from Kerala and then I shall call others.

Shri Tyagi: Shri Mohammed Imam is from Mysore.

Mr. Speaker: Mysore is on the border of Kerala.

Shri Mohammed Imam (Chitaldrug): I come from Mysore, and I do not hold any brief for the Palai Bank, nor have I ever been one of its constituents, but still, I must state that the closure of the Palai Bank had had its own repercussions in the State of Mysore, because a large number from the public took advantage of this bank, and many of them had invested their earnings in this bank. I must state that this abrupt closure of the Palai Bank has given a very rude shock to the banking public of not merely this bank but to the public and people who have been dealing with other banks also. It has to a certain extent unnerved and created a certain amount of nervousness amongst the public as to whether they should come forward with their deposits and whether they should deposit them at all. Anyhow, it has made them think twice before they undertook to deposit in any bank.

I have heard the statement made by the Finance Minister, and I have also read the literature supplied by some of my friends who have had an intimate contact and connection with

[Shri Mohammed Imam]

the Palai Bank; I have also listened to the speeches of some hon. Members who had intimate and close contact with the working of the Palai Bank. On going through all these things, I am constrained to come to the conclusion that the Reserve Bank have rather acted arbitrarily. They have shown undue haste, and to put it more effectively, I may state that they have used a sledge-hammer, in the way they have done it. You know, Sir, that when the sledge-hammer is used, the entire object is crushed, and there is no chance of its revival.

Liquidation proceedings are taken in extreme cases, when banks are concerned. Banks are strong in their own way, and they are also vulnerable in their own way. Banks are strong as long as public confidence is sustained and maintained, but when this confidence is impaired, then the bank, however long-standing it may be, and however high its position may be in the financial world, becomes vulnerable. If there is a sudden run on the bank by the banking public, on account of some misapprehension or misgiving that may be created by some outside agency, no bank of any standing will stand that state. Supposing there is a sudden run on the State Bank of India, even the State Bank cannot meet that sudden run. That is the position. So I submit that the Reserve Bank, which is the *maa-baap* of all the banking institutions, which is supposed to nurse all the banking institutions, must be very careful in its dealing with all these banks whose destiny and future are entrusted to its care. If it finds any bank or its directors misusing their position, there are other remedies. It is only after exhausting all these remedies, it is only when it finds that its position is so irreparable that it cannot be rectified without intervention, it is only then that it should step in, and step in effectively. But I would like to know from the Finance Minister what other remedies did they adopt to set right matters in this banking institution. Did they find out exactly what its conditions are and what its financial position is? He has not disclosed these to us. Perhaps he himself is ignorant of what its financial position is. Even on the first day of his statement, he was not in a position to give this House information as to its actual working or what its assets and liabilities were. In the circumstances, I do not know how the Reserve Bank made up its mind to apply liquidation proceedings to this Bank. Sufficient reasons are not forthcoming.

This banking institution is an old one. It was started in 1927 when the Reserve Bank was not in existence. After the Reserve Bank came into existence, when the Banking Companies Act was passed, this Bank did observe and conform to all the regulations of the Reserve Bank. It paid its statutory deposit to the Reserve Bank. It conformed to all the rules. The Reserve Bank also inspected this Bank periodically and sent directions and instructions to it. The directors and the authorities in charge of this Bank, according to the information available, did their best to rectify things. Now and then officers of the State Bank or some of them who had retired were posted as General Managers, perhaps at the instance of the Reserve Bank. I understand that the personnel of the directorate seem to be very highly respected. It was composed of retired High Court Judges and District Court Judges and people of eminence and standing, whose integrity we have no reason to doubt. In spite of all this, without consulting them, without even letting them know what the attitude of the Reserve Bank would be, to apply this closure is really very uncharitable.

The Bank and the public have been taken by surprise. Shri Sivaraman was posted there as representative of the State Bank of India. He went there and took charge, I think, on the 1st of July. Meanwhile, some instructions and directions had been issued by the Reserve Bank and the Bank was definitely asked by the Reserve

Bank to rectify these matters. One year's time was given. But this officer, Shri Sivaraman, came there. I do not know his share of the responsibility in initiating liquidation proceedings. He was there for one month. I do not know what report he made. It looks to me that the entire Reserve Bank and the Finance Minister have been guided by the report made by him. Within one month of his arrival liquidation proceedings were abruptly announced in the meeting of the directors. Was it not incumbent on the Reserve Bank or the duty of the general manager to consult the directors to take them into confidence and ascertain from them the actual state of affairs and how they would meet them. They were all kept in the dark. They were summoned by telegram and they were made to sit before him and they were told: you are all dismissed because liquidation proceedings are going to be taken. This is very unfair.

The Minister said that the bank had to be closed because there was a run on the bank and some preferential people should not get away with all their money. If anybody is responsible it is the Reserve Bank's attitude. When that person was posted there under certain circumstances which appeared to be suspicious, the run started. For this, I must hold the Reserve Bank responsible.

It is true that thousands of people are going to suffer. But they must have taken one thing into consideration. Some people have supplied the data regarding their assets and liabilities and I find that the assets correspond to the liabilities and in some respects they exceed the liabilities also. They have kept enough reserves, they are having securities. They have about Rs. 45 lakhs in the Reserve Bank and Rs. 61 lakhs in the other banks. All these liquid assets come to about 3.5 crores. The bank was in a sound position. In these circumstances it is very unfair and uncharitable and the unkindest cut on the part of the Reserve Bank to have instituted liquidation proceedings.

I am one of those who feel that this bank must be rehabilitated. It should not be made to suffer on account of the faults of the Reserve Bank. They want to sound a death-knell to this Bank. It should not be. If necessary they can dispense with the present directors and appoint their own but this bank must be revived in its old name. Let the Government take charge of the management and let them subscribe to it. That will create some assurance in the minds of the depositors. If necessary we may tell them that the Government will look to their interests and the Government may assure them that their money is safe. Then, the confidence will be created and this bank will not come to an end. Otherwise this creates other problems pointed out by Dr. Krishnaswami. I am reminded of the crash of the Travancore-Quilon Bank under different circumstances. The creditors got two annas more than what they invested for every rupee though it was proclaimed in the initial stages that the position was bad. Similar thing may happen here also. It is only lack of confidence that has brought about this run. It is for the Finance Minister and the Reserve Bank to restore this confidence. In that case, I am sure the bank can be rehabilitated and made to work as usual and it will be useful to the public.

Shri Goray (Poona): Mr. Speaker, I cannot speak with the intimate knowledge with which hon. Members from Kerala have spoken on this occasion. But I must admit that the crash of the Palai Bank has given all of us a rude shock. Three questions arise in my mind.

The first question is, what happens to the thousands of depositors in the Palai Bank as well as the other scheduled bank, the Luxmi Bank which also went down. The other question is, what should be the solution which will save the economic life of Kerala

[Shri Gorey]

where the impact of the crash will be felt that greatest? The third question is, what could be the relation or what should be the relation between the Reserve Bank and the other banks in this country?

Sir, so far as the depositors are concerned, I think that the country is passing through a very crucial stage. Yesterday the Finance Minister told us, and very rightly, that confidence is a very delicate plant and once any harm is done it Is very difficult to restore it to its former health. I found that during the last ten years we are creating a banking habit amongst the people. Here are some of the figures. The deposits in the banks in 1950 were Rs. 860 crores and in 1960 they have gone up to Rs. 2,000 crores. Personal deposits in savings bank accounts in 1955 were Rs. 140 crores and in 1959 they have gone up to Rs. 213 crores. Time deposits were Rs. 175 crores and now they are Rs. 360 crores. The banking habit is spreading and we find that the number of deposits in the savings banks has grown from 6,75,000 to 9,28,000. This is all to the good. But, as the Finance Minister said, if the confidence of the people in these institutions is shaken how will we try to recreate it? Sir, so much money is being locked up in ornaments, so much money is being locked up in gold, and we find that it will be very difficult for us to tap internal resources if the habit persists. Therefore, we must see to it that the people's confidence in the banks and institutions of this nature is not shaken.

Sir, the local implications are very obvious. Kerala is not a very rich State. It is a poor State. But I found from my brief study of the people there that they have a habit of coming together, they are in the habit of running co-operative institutions and small banks. I think this is a habit which ought to be encouraged.

I do not want to take advantage of my position as a Member of Parliament and throw aspersions on the officers of the Reserve Bank, but I hope, Sir, you will pardon me if I say that from the facts that are made available to us . . .

Shri Morarji Desai: Are they facts?

Shri Goray: Well, you have given us some facts, others have given us other set of facts, and it is for you to refute that what has been supplied by others is not true.

Shri Morarji Desai: I shall try to do that.

Shri Goray: When I went through the Banking Companies Act I found that ample power has been given to the Reserve Bank to control and inspect the business and activities of the bank. My hon. friend over there has very clearly stated the whole case. Inspite of it, with all the controls in their hands, why is it that they went on allowing this bank to functions as it was functioning? What is the role of the Reserve Bank towards these banks? Is the Reserve Bank to act as a police constable, namely, catching the person after he has committed an offence, or is it to play the role of a doctor who gives a preventive medicine? You find that there are sections after sections in the Banking Companies Act by which the Reserve Bank has been empowered to exercise the right of inspection, control, etc. I do not know how it was that this Bank was allowed to open a branch in Madurai in 1954. How was it that after July, the Deputy Chief Officer of the Reserve Bank sent a letter to the manager of the bank saying that the directors would be given so much time to submit their explanations and that they will be allowed twelve months' time for rectifying their mistakes? We find that the manager who was an officer of the State Bank was asking his officers to expand the business of the bank. If really all this was happening, if the Reserve Bank knew that this bank was leading towards a crash, how does it square with these circulars and letters of the officers of the Reserve Bank? They ought to have pulled them up, but then it seems that they were giving them a long rope and when they found that the bank could not be saved at all, they hanged it by the same rope. It is very surprising that this gentleman, Shri Sivaraman, convened a metting and the only thing that he did at the meeting was that he announced to the directors that the bank was liquidated.

Mr. Speaker: Have any of the directors or all the directors made any statement so far?

Shri Goray: No; I have not, at any rate, in my possession anything to that effect.

Mr. Speaker: The directors are not to explain the position?

Shri Goray: I have got a copy of the circular.

Mr. Speaker: The directors must be in the know of things; once they feel a sense of humiliation that the bank has been liquidated, have they come forward and said: "The assets are there"?

Shri Goray: I think the directors are keeping silent because they think that perhaps the Government may come to help them and that if they open their lips, their case will be prejudiced. It is quite possible. It is only a conjecture. But what I feel is that the relation of the Reserve Bank with the other banks in this country ought to be defined. I think they have given them ample powers and it is expected that the Reserve Bank will act in a manner which will create confidence among the depositors. After all, the depositors come from the rural areas, from the lower income groups: not all of them, of course, for some of them come from the upper classes also.

I was told only yesterday that a big officer came back from leave and when he got the salary for two or three months, he deposited the entire salary on the 3rd or 4th August in the Bank; on the 8th the whole thing was wiped out. It seems he told somebody that he had only Rs. 15 in his pocket. He did not know what to do. So, it is not a solitary instance; there must have been hundreds and thousands of such cases—whether they had deposited in the Luxmi Bank or in this bank—where their whole fortune or their life savings had been wiped out.

The question was raised as to why the Government should come to the help of the depositors: whether it is not the responsibility of the Reserve Bank to save all these depositors. The answer is very simple. We have come across in this House cases where not only hundreds, thousands and lakhs but crores of rupees have been wasted. Only today Shri Range gave an instance. We tried to have fabricated houses or something of that kind and Rs. 2 crores were wasted. The answer was that we learn by experience! Whose money was that? That was also tax-payers' money. So, I say that if it is a question of restoring confidence among the depositors, and if you are launching on big schemes, the five year Plans, one after the other, where the confidence of the people is a commodity which must be considered to be invaluable, then, a lakh of rupees or Rs. 2 lakhs or Rs. 10 lakhs or even a crore of rupees must be spent to see that this confidence is revived.

I would support my friend, Dr. Krishnaswami, who said that it should be merged with the State Bank. You can remove the directors whom you suspect of misdeeds. But at the same time, you must see to it that the thousands of depositors who come from a very important section of the people are protected. They are the peasants, the workers and clerks who have developed the habit of saving.

[Shri Goray]

It is these people who are going to be hit and I say they are the most valuable assets so far as our Plans are concerned.

18 hrs.

So, without taking much of your time, I would say, let the Finance Minister be straight and firm. But let him also see to it that firmness does not always lie in a sort of brushing aside of the plea that has been made on behalf of the depositors here. Let him also tell the Reserve Bank people that the powers given to them should be exercised in such a way that the banks are warned before the crash. Let them not say after the crash, "You did not behave". Anything you tell them after the crash is just waste. It harms the confidence of the people in the monetary system that we are building up.

Shri Tyagi: Sir, my friends who have spoken about this affair have so far justified the case of the bank and have criticised the Reserve Bank for its delayed actions or hurried actions. Banking is a trade which is too sensitive. It is not possible in the case of banks to make announcements about their day to day financial positions. There are banks and banks and people do not know as to how they are faring except that these banks are sound and such confidence alone draws the depositors to deposit their money.

The circulars which have just been given to a few Members on behalf of those who stand for this Palai Bank have, I must say, made out a very good case. They say that the Reserve Bank had knowledge about the conditions of the bank since years and how is it that suddenly the Reserve Bank came on the scene, pounced on the bank and finished with the whole show? I think a convincing answer is needed. I must say that so far the statements made by the Government from the treasury benches have not been able to convince the public about the justification of the action taken. I would, therefore, appeal to the Finance Minister to make it quite clear as to how things stood. Because while a circular comes from the Reserve Bank that a year's time is given to improve matters and expand their business and all that thing is going on, suddenly they pounce on the bank and it is practically liquidated.

Only one answer that I find from the statement of the Finance Minister which convinces me is that the Reserve Bank came on the scene when there was a run. This alone is most convincing. How can the Reserve allow the depositors to draw the money and allow a run, so that those who come afterwards find there is nothing left? So, if it was a fact that the Reserve Bank came to the rescue of the depositors when they observed that there was a run, it was rightly the duty of the Reserve Bank to just lock up the rest of the money to be saved for the depositors. I think that the action of the Reserve Bank deserves congratulations, because they have saved many other depositors who have had no chance to go to the doors of the bank to demand their money. And if that was their duty, they should not be criticised for discharging their duty. On the other hand,, the Reserve Bank must be congratulated for the prompt action they have taken. On the complaint that the "Reserve Bank had waited for years", I must submit that in the case of banks it is not proper or fair that as soon as some information about the bank's affairs comes to the knowledge of the Reserve Bank immediate action should be taken. That is unfair. Every bank must be given a fair chance, and the attitude of the Reserve Bank must be one of a nursing bank, helping them and feeding them towards soundness. So, the Reserve Bank must act as the guardian of the banking system in India. With that responsibility, I must say the Reserve Bank carry, heavier responsibilities even than the whole Cabinet,—they are the guardians of the whole monetary policy of the country. And if banks go phut everything goes phut. Government cannot stop them. Therefore, the responsibilities of the Reserve Bank are much greater and I think they have performed their functions and duties fairly well in this case. If they came on the scene only when they had the knowledge that there was a run, "delayed action", cannot be criticised because it is the duty of the Reserve Bank to see that every bank is not pounced upon immediately as a report comes. They must be given a fair chance to improve the conditions.

Shri Braj Raj Singh (Firozabad): For how many years?

Shri Tyagi: There is no question of years, because from the figures I find that this bank was improving its position.

Shri Punnoose: May I ask a question of the hon. Member? In 1951 there was something defective about the bank and their liabilities amounted to Rs. 4 crores. The Reserve Bank kept quiet. In 1959 when it became Rs. 10 crores the Reserve Bank permitted so many people to walk into that trap. What is your explanation?

Shri Tyagi: I think the Reserve Bank did the right thing because from year to year and month to month the bank was making progress. Since the bank was improving its condition. How could action be taken by the Reserve Bank. So, they went on giving them chances to improve and they were improving. Suddenly the run came. Here I am basing my plea on the statement of the Finance Minister. The Finance Minister says that the Reserve Bank acted only when there was a run. If there is a run it is the duty of the Reserve Bank to step in, whether the institution is sound or not. They must do the needful.

But there is the question of 85,000 depositors. It is also a social problem. From the statistics which have been supplied to us, I do not think the condition of the bank is in any way bad, although there was a run. When I go through the figures I find that the bank is not at all unsound, because there are many other banks in a worse condition. I challenge that if the Reserve Bank call for statistics from other scheduled banks they will find that this bank is in a better position and can compare favourably with many other banks which are not sound. Therefore, I do not think the position of the bank was unsound.

Now that the liquidation proceedings have been taken, all the staff have to be retrenched. They have to be paid compensation etc., for each year of service. So, whatever assets are at present available, a big chunk of it will have to be distributed that way and for months the proceedings will go on. On that also expenditure has to be incurred. Therefore, I agree with the proposal of my hon. friend from Kerala that we must go to the rescue of the depositors. I do not agree to the suggestion that the State Bank must take over all the liabilities. It is unfair. The State Bank practically means the taxpayers' money. Then, if we have a precedent of this nature, some banks have already become bankrupt and there may be others also in the queue. How can the State Bank take this responsibility. Also we cannot, in Parliament, establish such a sort of precedent.

It will be detrimental to the cause of the taxpayer altogether. But this must also be realised that the State Bank is a public institution and more than 90 per cent. of its shares are held by the Government themselves. The State Bank gets the best facilities possible. Wherever the State Bank opens a new branch the Reserve Bank pays for the losses. Other banks do not demand the losses from the Reserve Bank but in this case the

[Shri Tyagi]

Reserve Bank acts as a mother and so pays for all the losses of those branches.

Then again, the biggest benefit which this Bank enjoy is that: the State Bank is actually speaking competing in the market with the rest of the smaller banks. It is the biggest competitor. Therefore its profits must be larger. Let that also be realised. There are Rs. 350 crores at the disposal of the State Bank from the PL-480 funds. It is a very little rate of interest that they have to pay. With such a huge amount of money at the disposal of the State Bank, I think it is but fair that we ask the State Bank to take the responsibility, if not to share the losses, at least to take over the assets and assure the depositors that to the extent to which the assets are available every pie of their deposit shall be paid to them.

Shri C. D. Pande (Naini Tal): Twelve annas.

Shri Tyagi: Yes. Twelve annas in the rupee can safely be announced. From the statistics I understand that the Bank is in a position to paying twelve annas forthwith if the State Bank takes it over. So if the State Bank takes it over, it only takes over the Bank and does not shoulder any liability of paying the losses. It pays only to the extent to which the assets are still available. Of course, it will be for the State Bank to realise the bad debts etc., to look after them and to see that they are realised in due course. All these staff people who are to be paid otherwise may be taken over by the State Bank. The State Bank is already thinking of opening many other branches in future. These employees can be put in some other branches. So the State Bank can safely take it over.

If the State Bank takes it over there is not a single pie of strain. My proposal does not put any strain on the exchequer. It does not put any strain, even of a single *naya Paisa,* on the State Bank. What I want is that the State Bank may take it over so that the employees may also be given some jobs here and there and the depositors may have the assurance that whatever has been left safe will be paid over to them. If there are any debts which are sticky and which are to be realised later on, whenever they are realised the depositors will again have the right to bring their claims against them. Therefore that is the only proposal that I make and I think that it is very sound. Government must in all fairness accept it. Thereby they will help the depositors and also the banking system in India.

Mr. Speaker: Shri Guha.

An Hon. Member: One ex-minister after another.

Shri A. C. Guha (Barasat): Mr. Speaker, Sir, the liquidation of a bank, particularly of a scheduled bank, is a serious matter not only from the point of view of depositors but also from the point of view of general economy of the country. The failure of two banks in quick succession, the Palai Bank and the Laxmi Bank, will give a rude shock to the saving habits of the middle class people. Much of our plans would depend on the saving habits of the middle class people and so from that point of view also this question should be considered and a more generous and imaginative view should be taken about the problem.

I would agree that the Reserve Bank at best has taken a hasty action in this matter *i.e.* without making an accurate estimate of its assets and liabilities. On the first day the hon. Finance Minister announced that the liquid assets of the Bank stood only at Rs. 1,50,00,000. The statement he made on the 20th does not give practically any figure of the liquid assets of the bank according to the calculation of the Reserve Bank. The estimate of Rs. 1·50 crores has been questioned from various quarters and the Finance Minister has not categorically repudiated the figure given by the other side as Rs. 4·50 crores nor has he given any figure of his own.

As far as the liabilities are concerned, I do not know how much of them would be time liabilities and how much would be demand liabilities. The Finance Minister's statement should have contained some indication as to that. The liquid assets of the bank should be considered only in the background of the demand liabilities of the bank. The time liabilities need not be paid immediately. So, the assets of the bank which may not be easily realisable or which, in the words of the Finance Minister, may be considered 'sticky' may also be utilised, after proper processing for the repayment of the time liabilities. I find from the statement given to us that the demand liabilities stood at only Rs. 2·34 crores. Even on the statement of the Finance Minister, taking the liquid assets at Rs. 1·50 crores, there was only a gap of about Rs. 84 lakhs.

The figure of the Finance Minister has been disputed and other assets have also been mentioned which may be considered almost immediately available: balance with the Reserve Bank Rs. 45 lakhs, balance with other banks Rs. 61 lakhs. Some mention has been made in the Finance Minister's statement about Rs. 80 lakhs in advances against gold. I do not know whether the Reserve Bank has made any assessment about what is the amount of advances against gold, or whether this gold is gold buillion or gold ornaments. Whatever it may be, even if it is gold bullion, I think the present procedure for banks is to value it at Rs. 80 per tola whereas the present market rate for gold is Rs. 134 or 135 per tola. Whatever amount may be invested against the security of gold must give to the bank at least 50 per cent more than the amount already advanced.

An Hon. Member: What can be called gold.

Shri A. C. Guha: Gold is gold. The Reserve Bank has not said that it is not gold.

Shri Sadhan Gupta: (Calcutta—Eas That has to be tested.

Shri A. C. Guha: They should have made a correct assessment before applying for liquidation of the bank. The Reserve Bank should have made a correct assessment of its demand liabilities and also the assets immediately available and the time liabilities and the assets which may be available after some time. In the two statements of the Finance Minister, we have not been able to get any such thing. So, I should say, at the best, the Reserve Bank's action in this regard has been hasty.

In the statements of the Finance Minister, both on the previous day and on the 20th, he has mentioned repeatedly about drastic action, and drastic action. In the previous statement, he suggested two actions, refusal of licence and the next is application for liquidation of the bank. Besides these, there is no indication that the Reserve Bank has ever thought of any other measures to be taken for the proper guidance of these banks. In a report of the Government of India about the Reserve Bank, it was stated that the Reserve Bank should cherish the sound banks, should nurse the sick bank and should bury the dead bank. Cherishing a sound bank is not very difficult. Anybody can cherish and be proud of a good child. But, nursing a sick bank should be the main function of the Reserve Bank. Since the enactment of the Banking Companies Act in 1949, I think, there have been four amendments of that Act. And by all these amendments, powers were given to the Reserve Bank, not on the initiative of this House but on the asking of the Reserve Bank, to guide the banking industry properly and in a healthy manner if powers are not properly and timely used, why these were asked for by the Reserve Bank?

Mention has been made by several Members of some of these powers. In his first statement the Finance Minister has stated that the Reserve Bank sent instructions to the Palai Bank, but under the Banking Companies Act, the Reserve Bank can send directions.

[Shri A. C. Guha]

It is authorised to send directions to a bank or banks and the bank or banks as the case may be shall be obliged to comply with the directions. From the papers supplied to us from the other side, I find that on the 21st July this year some directions were sent to this bank by the Reserve Bank, but the statements of the Finance Minister do not mention whether any direction was sent to this bank by the Reserve Bank. Under section 35B of the Banking Companies Act, the Reserve Bank is authorised to send directions if after the inspection report it is not satisfied with the state of affairs of the bank, and the bank is obliged to comply with the directions. If it does not do so, there are provisions in the Act authorising the Reserve Bank to take penal measures against the bank and also against the officials and the directors concerned. I think it is a relevant thing for this House to know whether during all these years the Reserve Bank has ever issued any directions except on the 21st July, 1960. If directions were issued, how did the bank react to them. Did the bank refuse to comply with them? I do not think any bank can dare refuse to comply with the directions of the Reserve Bank. But if directions were not issued, why the Reserve Bank abstained from using its powers in time?

There are various other sections in the Banking Companies Act, and I do not like to mention them, but in 1959 section 10 of the Act was amended by which the Reserve Bank, in certain cases, can also remove the directors and others from the management of the bank. Under section 36, the Reserve Bank could have placed one or more of its officers in the management of the bank. I do not think the Reserve Bank has done anything like that. The statements of the Finance Minister only mention negative measures, refusal of licence and liquidation of the bank; other positive and constructive measures which the Reserve Bank could have taken under the Banking Companies Act were not thought of, were not applied, at least there is no mention the two statements of those measures having ever been applied to this bank. The Finance Minister has been silent in this point.

Mention has been made about licensing banks. I do not know why banks should be allowed to continue for such a long period without getting a licence. I think the Reserve Bank should have taken measures to see that the banks comply with the requisite conditions to qualify themselves for the licence. The general public may at least know that this is a scheduled bank, this is not a scheduled bank. Now hardly anybody knows which bank has been licenced and which not. I am not sure if some of the top-ranking banks, the topmost five or six, have all got licences. If even some of the top-ranking banks have not got the licence yet, I think it is a serious matter, and I think the licensing provision of the Banking Companies Act should be taken into consideration seriously by the Reserve Bank and measures should be taken to see that the banks qualify themselves to get the licence.

I think this bank has made some advances against agricultural commodities. Agriculture in Kerala is highly commercialised; I do not know, but I expect this bank also must have given some advances against agricultural commodities. Those commodities might then be in the godowns of the Palai Central Bank. What will happen to those commodities? If those commodities also are to wait for the liquidation proceedings, or for the liquidator to dispose of them in his tardy and slow process, then, most of these commodities would be spoilt; that will mean not only loss for the depositors, but loss for the cultivators and loss for the country also. I hope the Finance Minister and the Reserve Bank will see that if any agricultural commodities are pledged with this bank and they are now in the godowns of this bank, then they should be quickly disposed of after proper evaluation, and the monay may be deposited to the credit of the bank.

Under sections 44 and 45, I think, of the Banking Companies Act, there are provisions for amalgamations and also for some scheme of arrangements. Of course, arrangements have to be made with the sanction or the permission of some court. Up to 1952, I know that a large number of banks were under the scheme of arrangement, and some of those banks have done quite well, and they have recouped their losses; of course, some have not been able to do that. This bank also might have done well, if the amalgamation or the arrangement scheme could have been attempted by the Reserve Bank earlier; then, it would have been much easier than now, and I think the entire liability of the bank would have been recovered through such a scheme. But even now it may not be impracticable.

Even now, I think the suggestion should be considered that either the State Bank or some other big commercial bank, but preferably the State Bank, should be asked to take over the assets and liabilities, and *pro rata* the State Bank should make payments Without sending it into liquidation the State Bank may take over this bank with its assets and liabilities, and I am sure the depositors will agree to scale down their demands, in the light of the assets of the bank as will be realised after some time. If, instead of that, this bank or the Laxmi Bank is sent into liquidation, that will be the worst thing that could be done. We have some experience of banks being sent into liquidation in Bengal; they are in liquidation for the last nine or ten years. Even the amendment of the Banking Companies Act could not help much in that matter.

So, instead of sending these two banks into liquidation, the Finance Minister may personally take some interest in this matter, and see that the State Bank takes over these two banks, and on the basis of the assets as would be realised after proper assessment, the depositors will surely agree to scale down their demands in respect of their deposits. I think practically every Member has made this suggestion, and the Reserve Bank and the Finance Minister should consider this suggestion. By doing so, they will be trying to help not only the depositors, but also the banking industry and the economy of the country as a whole. So, from the broader point of view also, this should be attempted.

Mr. Speaker: How long does the Finance Minister propose to take for his reply?

Shri Morarji Desai: About half an hour.

Mr. Speaker: Tomorrow, we have the discussion on the Draft Outline of the Third Five Year Plan, and that will go on till 5 p.m. This discussion ought not to interfere with the discussion on the Plan both tomorrow and the day after. Still, a number of hon. Members may want to take part in this debate.

Shri Radhelal Vyas (Ujjain): May I submit one thing with regard to thi• discussion? You have started a new convention now. In this case, you may just appoint a committee of some of the Members to meet and discuss with the Finance Minister, and if they can arrive at a workable solution, it may be better. This is a fit case to be examined like that. This may kindly be considered.

Mr. Speaker: The analogy in this case is not proper. Hon. Members have made their suggestions. There is no harm if hon. Members would request the Finance Minister to sit with them and discuss. There is the Central Hall, big enough, where they can go and sit with him and discuss the matter. But, for me to appoint a committee is not good.

There is one thing more. The hon. Minister wants half an hour to reply.

[Mr. Speaker]

I can call him straightaway tomorrow at 5 P.M., unless hon. Members are willing to sit for a longer period. But if Members are willing to sit, I am willing to sit till 7 P.M., allowing hon. Members to speak till 6.30 P.M. and calling the hon. Minister then. But I have noticed that what a few hon. Members spoke at first is being repeated and nothing new is being added to the debate. Therefore, we shall start at 5 P.M. and conclude at 6 P.M. unless a few more minutes have to be allowed.

18.31 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, August 23, 1960/*Bhadra* 1, 1882 (*Saka*).

[*Monday, August* 22, 1960/*Sravana* 31, 1882 (*Saka*)]

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624	Incorrect Delineation of Indian Territory in Russian Atlas . . .	3892—95
625	Lokamanya Tilak Memoriall	3895—97
627	Heavy structural works .	3898
630	Field publicity .	3899—3902
632	L. I. C. Fund for Housing Scheme . . .	3902—05
633	Bhutan . . .	3905-06
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631	Export of cloth . .	3919
634	Internal trade of cement.	3920
636	Power-looms for weavers in Rajasthan .	3920-21
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1203	Industrial Training Institutes	3926
1204	Manufacture of Ephedrin.	3926-27
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1212	Khadi Hundis . .	3933-34
1213	Shops in Azad Market, New Delhi . . .	3934
1214	Stoppage of doles to camp refugees . . .	3934
1215	Non-payment of dues by displaced persons . .	3934-35
1216	Bharat Sewak Samaj in Mysore State . .	3935
1217	Export of Ceylon tea .	3935-36
1218	Urdu Programme from A.I.R., Delhi . .	3936
1219	Central Sericulture Research Station, Berhampore	3937
1220	Market at Janpath . .	3937-38
1221	Registration of Benami Companies . . .	3938
1222	Export of vegetable oil and oilseeds . . .	3938
1223	All India working class family budget survey .	3939
1224	Manufacture of Cameras and Binoculars . .	3939

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U.S.Q. No.	*Subject*	COLUMNS
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1227	Unemployment in Himachal Pradesh . . .	3941
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1229	Unemployed women	3942—43
1230	Arrest of Naga Leader .	3943
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1232	Cottage and Small Scale industries in Delhi . .	3943-44
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1234	Delhi State Industries Emporium . . .	3945
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1237	Japanese Technicians for Small Scale Industries .	3948
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1239	Housing colony for the Sanapadar Weavers Co-operative Society (Orissa)	3949
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1241	Hotel Janpath . .	3950-51
1242	Indian loan to Bhutan .	3951
1243	Report of Market surveys in Foreign countries .	3951
1244	Import of spun silk yarn	3951-52
1245	Development of Handicrafts	3953
1246	Coffee Board	3952
1247	Jute mills . . .	3953
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1249	Small Scale Industries Research Unit of UNESCO at Hyderabad. . .	3954-55
1250	Trade Agreement with. Pakistan . . .	3955
1251	Okhla Industrial Estate .	3956
1252	P.V.C. and V.I.R. wires .	3956-57
1253	Sholapur Spinning and Weaving Company Ltd. .	3957-58
1254	Offences under Mines Act, 1952	3958-59
1255	Broadcasting station in Western Ghats area .	3959
1256	Import Licences .	3960
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U.S.Q. No.	*Subject*	COLUMNS
1258	Floating Fair . .	3961
1259	Electricity leakage in Vinay Nagar . . .	3961-62
1260	News Bulletins of A.I.R.	3962-63
1261	Paper Mill at Balagula .	3963
1262	Hindi forms in C.P.W.D. and D.G.S. & D. . .	3963-64
1263	Forms in Hindi for allottees of Government quarters	3964-65
1264	Manufacture of typewriters	3965-66
1265	Garages in Vinay Marg .	3966-67
1266	Power Transmitter in Dandakaranya . .	3967
1267	Labour disputes in Madras State . . .	3267

PAPERS LAID ON THE TABLE 3970

(1) A copy of the statement relating to the recent strike by a section of Railwaymen.

(2) A copy of Notification No. G.S.R. 881 dated the 30th July, 1960 making certain further amendments to the Displaced Persons (Compensation and Rehabilitation) Rules, 1955, under sub-section (3) of Section 40 of the Displaced Persons (Compensation and Rehabilitation) Act, 1954.

(3) Secretary laid on the Table a copy of the "Financial Committees, 1959-60 (A Review)." . .

REPORT OF JOINT COMMITTEE AND EVIDENCE ON BILLL—AID ON THE TABLE 3971

Shrimati Uma Nehru laid on the Table a copy each of the Report of the Joint Committee on the Children Bill, 1959 and the evidence given before the said Joint Committee.

RELEASE OF MEMBER . . 3971

The Speaker informed Lok Sabha that he had received a letter dated the 19th August, 1960 from the Judicial Magistrate, Ahmedabad, intimating that Shri Karsandas Parmar was released on bail on the 19th August, 1960.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE 3972-73

Shri A. K. Gopalan called the attention of the Minister of Commerce and Industry to the recognition reported to have been granted to an association in Bombay to conduct forward trading in black pepper.

The Minister of Commerce (Shri Kanungo) made a statement in regard thereto.

BILL—FURTHER CONSIDERATION POSTPONED 3973-74

It was decided that further consideration of the Evacuee Interest (Separation) Amendment Bill, 1960, as passed by Rajya Sabha be postponed until discussion on Draft Third Five Year Plan was over

MOTION *RE.* DRAFT THIRD FIVE YEAR PLAN . . 3974-4082

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) moved the motion "That the Draft Outline of Third Five Year Plan laid on the Table on 1-8-60 be taken into consideration". Twelve substitute motions were moved thereto. The discussion was not concluded.

DISCUSSION ON MATTER OF URGENT PUBLIC IMPORTANCE . . 4083-4142

Shri Punnoose raised a discussion on the closure of the Palai Central Bank. The discussion was not concluded.

AGENDA FOR TUESDAY, AUGUST 23, 1960/BHADRA 1, 1882 (Saka)—

Further discussion on the motion re. Draft Third Five Year Plan, and also on the closure of Palai Central Bank.

GMGIPND—LS II—856 (Ai) LS—31-8-60—950